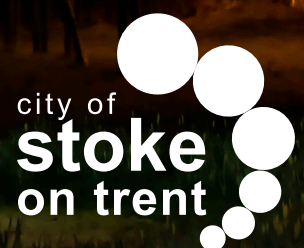


Statement of Accounts 2014/15

stoke.gov.uk



[This page left intentionally blank]

Index

Note	Title	Page No
	Preface	
1.	Explanatory Foreword	1
	Statements to the Accounts	
2.	Independent Auditor's Report to the Members of Stoke-on-Trent City Council	13
3.	Statement of Responsibilities for the Statement of Accounts	16
	Core Financial Statements	
4.	Comprehensive Income and Expenditure Statement	17
5.	Balance Sheet	18
6.	Movement in Reserves Statement	19
7.	Cash Flow Statement	21
	Explanatory Notes	
8.	Accounting Standards that have been issued but not yet Adopted	22
9.	Critical Judgements in Applying Accounting Policies	23
10.	Changes to Accounting Policy and Prior Period Adjustments	24
11.	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	28
12.	Notes to the Accounts	29
	Housing Revenue Account	
13.	Housing Revenue Account Income and Expenditure Account	79
14.	Movement on HRA Statement	80
15.	Notes to the Housing Revenue Account Financial Statements	81
	Collection Fund	
16.	Collection Fund Statement	85
17.	Notes to the Collection Fund	86
	Other Statements	
18.	Statement of Accounting Policies	88
19.	Glossary of Financial Terms	101

1 Explanatory Foreword

Welcome to the Statement of Accounts for Stoke-on-Trent City Council for the financial year

The purpose of this document is to provide a true and fair view of the financial performance of the City Council in the delivery of services to the citizens of Stoke-on-Trent. It also summarises the overall financial position of the City Council for the year ended 31 March 2015. The accounts and accompanying documents are subject to an external independent review by Grant Thornton UK LLP and their opinion forms part of this document.

Background

Stoke-on-Trent City Council is a unitary council with no parish councils. The City Council provides key public services to a population of around 249,000 residents in over 113,000 households and geographically covers an area of 36 square miles. This is made up of residential, industrial, commercial land and property. Unusually for a mainly urban area there is a significant amount of green space. The City Council has 44 elected members and employs circa 8,300 (7,000 FTE) staff (including in schools), who deliver a diverse range of services for residents, local business and visitors to the City.

Affectionately known as 'The Potteries', Stoke-on-Trent has a proud industrial heritage but, along with many towns and cities, the industries on which the wealth of the area was built are changing. Regeneration, both in terms of employment opportunities and physical redevelopment, is recognised as being very important to the future prosperity of the city.

Stoke-on-Trent City Council is a multifunctional and complex organisation. Its policies are directed by the Political Leadership and implemented by the Corporate Directors Board and officers of the Council.

Political Structure

Stoke-on-Trent has 37 wards and the Council consists of 44 elected Members. The political make up during the financial year 2014/15 and following the local election on 7 May 2015 is shown in the table below:

2014/15		2015/16
28	Labour Party	21
13	City Independents	14
2	Conservative Party	7
0	UK Independence Party	2
1	Non-aligned	0

The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The requirements of the Act are such that the Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive Functions.

The Cabinet is the part of the Council which is responsible for decisions made within the constitution approved by Full Council. The Cabinet is made up of the Leader and up to 9 other members appointed by the Leader.

Management Structure

Supporting the work of the elected Members is the organisational structure of the Council headed by the Corporate Directors Board. This is made up of the Council's most senior level officers. During 2014/15 the team was as follows:

- Chief Executive - John van de Laarschot
- Assistant Chief Executive - Charlie Stewart
- Executive Director of Place - David Sidaway from February 2015 (previously John Betty (Interim))
- Executive Director of People - Louise Rees (acting) from March 2015 (previously Tony Oakman)
- Director of Public Health - Lesley Mountford from October 2014 (previously Zafar Iqbal)
- Chief Operating Officer - Laura Rowley from January 2015 (previously Isabell Procter (Interim))



Financial Overview

It's been a challenging Year!

The City Council has faced huge difficult challenges over the last few years but it has clearly proven it has the ability to deliver. With £97 million savings being delivered or alternatives secured over the last four years as a result of decisive action and strong financial management. Given the financial climate this approach has been essential. If this robust action had not been taken, the impact on the future service levels would have been even more severe and the city's future prospects would have been compromised.

Managing the budget - Summary Final Outturn - Revenue

During the year, allowing for a planned contribution from the general fund, the budget underspent by £4.9m. This underspend has been transferred to earmarked reserves to support future savings.

2014/15 Final Outturn	Budget (gross)	Budget (income)	Budget (net)	Final Outturn	Over/(Under) spend
	£m	£m	£m	£m	£m
People	239.9	(127.0)	112.9	116.5	3.6
Public health - grant funded	19.3	(20.5)	(1.2)	(1.2)	-
Public health - general fund	7.6	(5.6)	2.0	1.5	(0.5)
Place	93.1	(52.0)	41.1	41.5	0.4
Resources	24.0	(9.7)	14.3	12.8	(1.5)
Chief executive & assistant chief executive	16.7	(0.3)	16.4	15.2	(1.2)
Benefit payments	99.0	(100.0)	(1.0)	(1.7)	(0.7)
Civic & corporate expenses	1.7	(0.3)	1.4	1.4	-
Non departmental costs	53.6	(25.6)	28.0	23.0	(5.0)
Council tax income/council tax surplus	-	(69.2)	(69.2)	(69.2)	-
Non-domestic rates	-	(64.9)	(64.9)	(64.9)	-
Non-specific Government grants	-	(79.8)	(79.8)	(79.8)	-
Contribution from reserves	-	3.7	3.7	3.7	-
Gross outturn	554.9	(551.2)	3.7	(1.2)	(4.9)
Early achievement of 15/16 transformation savings tranche 1			-	1.5	1.5
Phased implementation of people and place transformation savings tranche 2			-	3.4	3.4
Net impact on general fund	554.9	(551.2)	3.7	3.7	-
Housing revenue account	69.6	(69.3)	0.3	(0.5)	(0.8)
Total	624.5	(620.5)	4.0	3.2	(0.8)

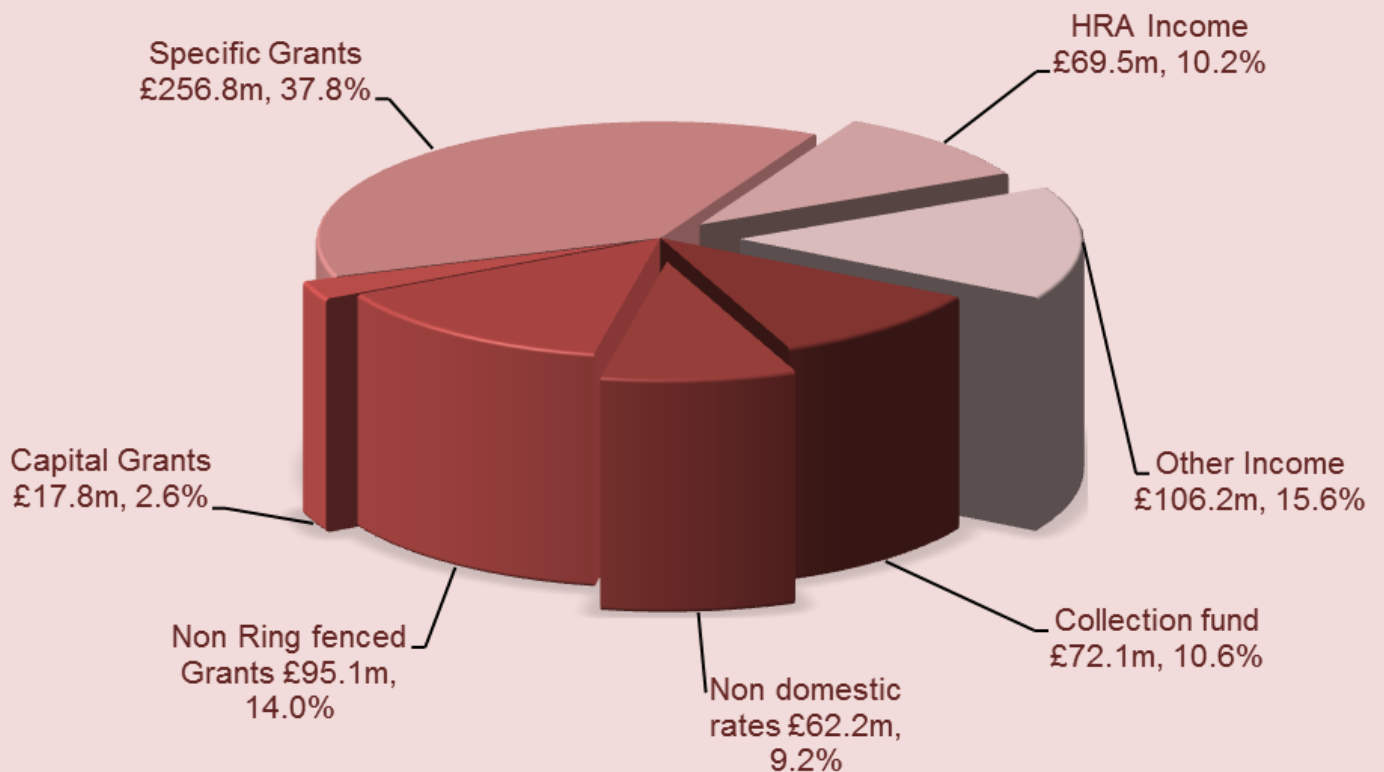
The table below shows the actual outturn and how these figures are reflected in the financial statements.

Reconciliation to CIES	Expenditure £m	Income £m	Net £m
General Fund	781.2	(777.5)	3.7
Housing Revenue Account	69.7	(70.2)	(0.5)
Actual Outturn (Movement in Balances)	850.9	(847.7)	3.2
Reconciliation to financial statements			
Net Cost of Services (note 4)	631.1	(432.5)	198.6
Other Operating Income/Expenditure (note 4)	51.8	(247.2)	(195.4)
(Surplus)/Deficit on Provision of Services (note 4)	682.9	(679.7)	3.2
Adjustment to the CIES under statute (note 6)			(12.3)
Transfers to Earmarked Reserves (note 6)			48.2
Transfers from Earmarked Reserves (note 6)			(35.9)
Movement in Balances (note 6)			3.2

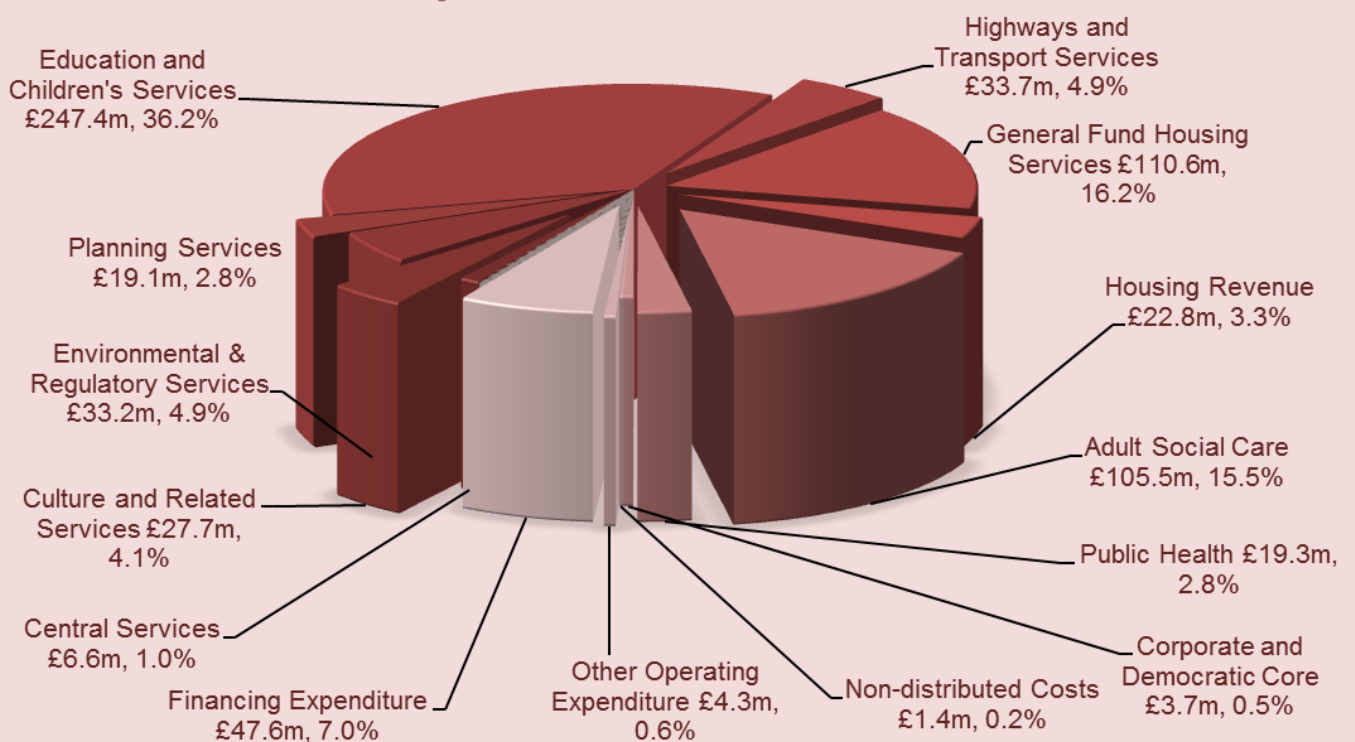
The Council spends £683m annually to deliver services funded by £680m of income. The income comes primarily from central government in the form of grants, from local residents in the form of council tax payments and from local businesses in the form of non-domestic rates.

The following charts shows how the money was funded in 2014/15 and how it was spent.

Net Revenue Income 2014/15 - £679.7m



Revenue Expenditure 2014/15 - £682.9m



But the council still successfully delivered its key services.....

Promoting and supporting independence and healthy living to our citizens



- 6,431 people supported each day to help and live independently
- Help 4,971 people to live safely at home with equipment and adaptations
- Supported over 3,000 smokers to quit
- Assessed 2,500 adult carers and provided advice, information or services to all of them
- Over 2,000 referrals made to Lifestyle services
- Financial assessment of 9,700 adult social care services users

Looking after our children

- Supported 2,607 children with early help Family Intervention Service
- Received an average of 425 children's social care referrals per month
- 36,500 children in nursery, primary, secondary or special schools in the city
- Served over 3 million school meals



Doing the basics



- 39,000 street lights maintained
- Maintain and clean over 590 miles of roads
- Support and maintain over 1,380 hectares of park and open space
- 5,580 births registered
- 4.4 million concessionary fares journeys paid for
- Waste collected every week from 114,000 households with 38,000 tonnes recycled

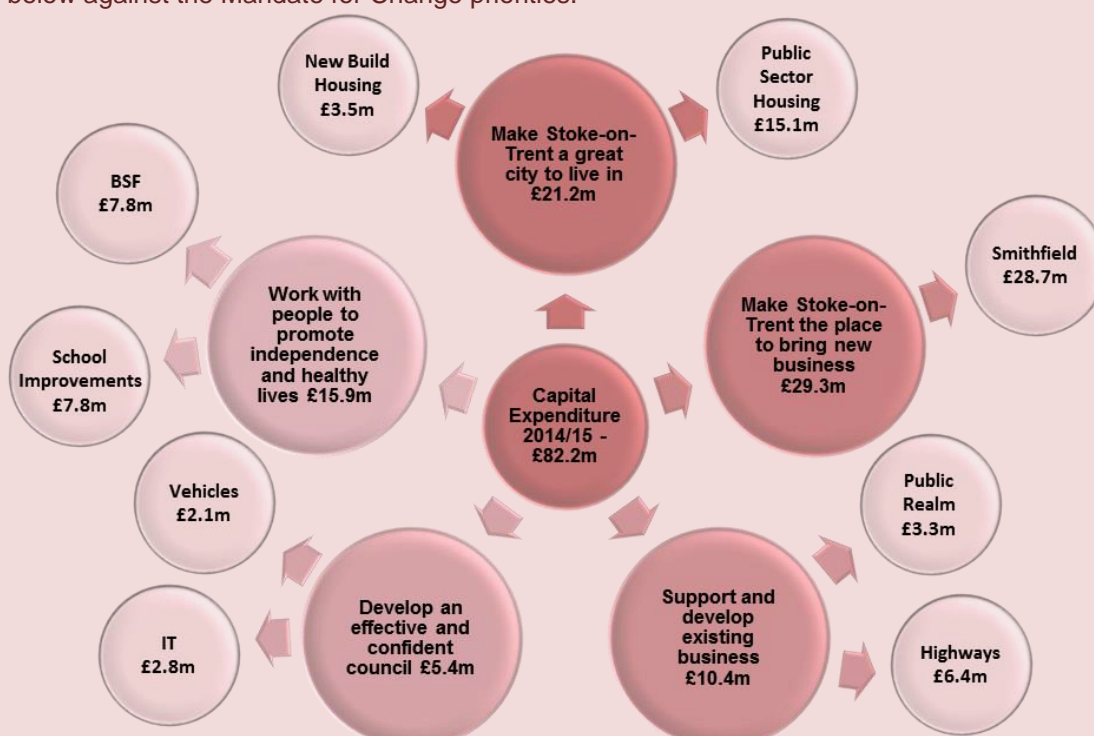
Managing our resources

- Raise and collect over £1/4 billion of bills each year
- Awarded £115m in Council Tax Support and Housing Benefit
- 135 properties recovered back to council stock as a result of tenancy fraud
- Process over 33,000 benefits claimants
- 2,280 businesses provided with regulatory advice



Capital Expenditure

As well as delivering day to day services, the City Council also spends money on capital investment, which results in assets such as land, buildings, vehicles and equipment. The authority continues to have a very ambitious agenda over the medium term to revitalise the City through capital investment in education, roads and buildings, housing, regeneration and private sector led projects. In 2014/15 the City Council spent £82.2m on capital expenditure, which is analysed below against the Mandate for Change priorities.





The programmes with the most significant spend and major achievements in this financial year include:

- **New Build Housing** - The programme has invested in a number of key housing regeneration projects over 2014/15 to deliver a range of new homes for a mix of tenures and households. Some of the key investment has involved new build housing schemes at Johnsons Wharf and Ivy House Mills in City Waterside. The other significant investment in supporting housing growth is the Penkhull self-build scheme. Johnsons Wharf - a key part of the City Waterside regeneration programme. The development offers an exclusive selection of brand new house types ranging from 2 bedroom apartments and 2, 3 & 4 bedroom homes, which has delivered 18 new homes over 2014/15. Ivy House Mills – a major new home development of 2, 3 and 4 bedroom with parking spaces in the City Waterside regeneration area. The development is on the site of the Old Ivy House Paper Mill. The development has seen 31 new homes being provided for sale during 2014/15, which is higher than originally forecast because of the demand. Penkhull Self-Build – delivery of six fully serviced self-build plots and associated infrastructure. All plots sold to private self-builders who have designed their dream home. The scheme is nearing completion with one home now occupied and the remaining five scheduled for occupation by autumn 2015.
- **Empty Homes** - The Clusters of Empty Homes match funded programme financed the £1 home scheme. This received global recognition as an innovative, lasting solution to the issues of affordable housing and community decline. The scheme won the Housing category of the Local Government Chronicle Awards and Highly Commended in two other awards. All 33 £1 homes were long term blighted empty homes. They have been refurbished within a short space of time to the Decent Homes Standard and sold to local people on moderate wages for owner occupation. The scheme has assisted local people to get onto the property ladder and has provided them with the opportunity to move forward with their families and advancement in their jobs. The new £1 homeowners are required to help regenerate this deprived area. They have formed a Community Group and are actively starting to engage with the community setting priorities for the area and working with a number of delivery partners to address the social, environmental and economic issues facing this area. Part of the funding has been used to make the alleyways secure; install CCTV cameras; improve green space to form a community garden and undertake major improvements to the play area so that it is modern, safe and fit for purpose.
- **Public Sector Housing** – A new way of working has been introduced for Public sector housing improving the standards of council housing by focussing on a 'whole area' improvement programme called the Estates Approach. This involves targeted replacement of housing components within a set geographical area resulting in time savings and economies of scale. Work undertaken in 2014/15 included more than 4,300 houses and flats with 494 new Kitchens installed and 170 new bathrooms.



- Highways improvement works – 2014/15 has seen improvements to the highways network, including resurfacing or rehabilitating 44 miles of carriageway and 17 miles of footway, improving 4 junctions (Joiners Square Roundabout, Arbourfield Drive / Dividy Road, Potteries Way / Huntbach Street, and Thistley Hough / Newcastle Lane), and investing in 12 road safety engineering measures across the city. Also completed are two major walking and cycling routes each approximately 1km long linking schools, residential areas and employment sites.
- Infrastructure Projects – Phase 3 of the Public Realm works in the City, which includes the surfacing to the Broad Street junction with Piccadilly is complete and the laying of the surfacing materials to the footways, and the Southern end of Piccadilly has commenced, Major surface water improvements in Piccadilly were completed in close liaison with Severn Trent Water ensuring that these works did not delay the Public Realm improvement scheduled to complete late 2015. Other Public Realm improvement includes a high quality scheme at St John's Square in Burslem Town Centre.
- Building Schools for the Future - This programme of works on the City Council's secondary and special schools is nearing completion. Progress of note for 2014/15 is the work completed on the new Excel Academy (former Holden Lane) and Abbey Hill Special schools and additional facilities at St Margaret Ward Catholic College.
- Fleet Vehicles – Work has been underway in 2014/15 to procure a number of replacement vehicles to augment the City Council's fleet and provide fit for purpose equipment to aid service delivery in both the present and future.
- Central Business District (Smithfield) – The exteriors of buildings A and B are virtually complete with the glazed curtain walling system applied to Smithfield 1 (Building B). Both buildings are having a significant impact on the skyline in the City Centre.

Financial Health of the Council as at 31st March 2015

Assets

A significant revaluation exercise has taken place during the year to assess the value to the council in providing services from the assets owned. Some assets values have increased while others have decreased producing a net overall reduction of £2.5m. Of significance are upwards revaluations of £31.9m (Council Dwellings £18.1m, Museum £5.9m, Leisure services £7.9m) and downward revaluations of £30.2m (Abbey Hill Special School £9.9m, Town Halls £2.7m, Bus Station £5.9m, Theatres £2.7m, Civic Centre £9m). These valuations do not represent the market value of the asset rather their continued value in use to the Council.

School property and other assets to the value of £5.4m have been transferred from council ownership to academies under the government's academy and free schools initiative and this trend is expected to continue in the foreseeable future. These assets are transferred at nil consideration in compliance with the government initiative.

Capital Investment and Borrowing

The overall capital investment is financed with the assistance of external support from government and other agencies, as outlines in note 12.11a of these accounts. The City Council provides funding by use of one off revenue contributions, section 106 developer contributions and borrowing. The underlying need to borrow for capital purposes, the capital financing requirement, increased by a net £26.7m standing at £579.6m by the end of the year.

Capital Financing Requirement.	£579.6m
Represented by:	
Existing Borrowing	£326.8m
PFI Reserves	£35.0m
Major Repairs Reserve	£9.4m
Capital Receipts	£7.6m
Capital Grants	£21.4m
Internal Borrowing in the form of:	
Cash	£68.1m
Remaining cash backed reserves	£111.3m
Total	£579.6m

Internal borrowing represents the unborrowed element of past capital investment. Actual borrowing is predicated on the cash position of the Council at any time. The management of cash held by the council determines the optimum time, duration and level of borrowing required. During 2014/15 the council took out additional borrowing of £27m.

Future capital investment as approved by City Council in February 2015 is proposed at £288m over the next five years, £97m of which is investment in the council housing stock and over £76m is targeted to attract new business to the city over the next 10 years financed by a mixture of council borrowing, capital receipts, grants and external support.

Capital Programme Funding	Budget 2015 - 2020
	£'000s
Prudential Borrowing	40,020
General Capital Receipts	6,620
Renew Capital Receipts	1,741
Capital grants, reserves and contributions	135,005
Housing HRA funding	78,434
RTB Capital Receipts	5,000
Net Capital Funding	266,820
Over-programming	21,341
Gross Capital Funding	288,161

Pensions

The Council makes contributions on behalf of its employees to the Staffordshire Local Government Pension Scheme in addition to those made by individual employees. The scheme is funded, which means that money is invested to cover both the current and future costs of the scheme. The level of contribution made by the council is determined by the extent to which the current and future costs can be met by these investments.

The fund has seen an increase in its pension liability on the balance sheet since last year, when a full triennial valuation was undertaken. This is because financial assumptions at 31st March 2015 are less favourable than they were at 31st March 2014. This has resulted in an increase of the pensions liability on the City Council's balance sheet of £96.0m (2013/14 increase of £70.0m) to £530.8m (2013/14 £434.7m). This amount is also reported in the Comprehensive Income and Expenditure Account but, as per statutory guidelines, does not impact on the calculation of the Council Tax charged to tax payers. For additional information see note 12.14.

Reserves

The City Council's reserves consist of usable and unusable reserves. The Movement in Reserves Statement (section 6 of the accounts) shows the split and movement of those reserves during the year.

The City Council maintains a level of balances and reserves in order to meet any future unforeseen expenditure that may arise and for any planned future expenditure. These balances are held in the form of a general contingency, such as the General Fund reserve, or for a specific purpose in the form of an earmarked reserve.

The City Council's financial strategy is to maintain a General Fund Reserve of around £8.0m. In 2013/14 the General Fund Reserve has increased to £12.2m, however £3.6m was used to underpin the 2014/15 budget, therefore reducing the reserve to £8.6m. The City Council does not plan to make any contribution to this balance in 2015/16 as the general reserve is now at a level that is considered reasonable and fit for purpose for the future.

The City Council also holds £121.532m of earmarked reserves, in the main due to the schools' PFI funding arrangements with central government and balances held for self-insurance purposes. The movement during the year is shown in the following table. A further breakdown is shown in note 12.03 of these accounts.

General Fund Reserves	Non-Earmarked Reserve	Earmarked Reserve	Usable Capital Receipts & Capital Grants
	£m	£m	£m
Opening Balance (1 April 2014)	12.252	109.638	19.999
Contribution/(Use) 2014/15	(3.686)	11.894	(0.508)
Closing Balance (31 March 2015)	8.566	121.532	19.491

Housing Revenue

The HRA's financial strategy includes a determination that a prudent level of the HRA reserves is a minimum of circa £4.0m, having regard for the inherent levels of future financial risk and uncertainty. The balance at the start of the year was £6.9m and due to the activity during the year £0.5m was added to the reserve.

The HRA holds significant earmarked reserves, mainly to cover the cost of planned major capital investment schemes and debt repayment due within a short term period.

Housing Reserves	Housing General Fund	Earmarked Reserve	Major Repairs Reserve
	£m	£m	£m
Opening Balance (1 April 2014)	6.876	20.098	3.851
Contribution/(Use) 2014/15	0.519	0.361	5.576
Closing Balance (31 March 2015)	7.395	20.459	9.427

Medium Term Financial Strategy 2015/16 - 2018/19

The Council's medium term financial strategy was approved by Council in February 2015. The focus of the medium to long term strategy continues to be to protect the most vulnerable in our society whilst also stimulating growth and economic prosperity for the communities of our city. The balanced budgets over the last four years have delivered £97 million of planned savings but it is clear that even more difficult challenges lie ahead.

It is clear that the economic challenges faced by the United Kingdom and many other countries around the world are having a huge impact on the ability of national governments to provide funding for their local public services. There is equally no doubt that the UK government's austerity measures have imposed a very tough financial position on Stoke-on-Trent. In 2014/15 the reduction in RSG was £16m, in 2015/16 it is a further £21m.

As the city council continues to face the challenges of reduced resources and economic uncertainty, the Mandate for Change and the Renaissance Programme provide a clear vision and framework for the city and its future direction. Going forward the ability to attract new businesses and create more jobs and new homes is essential. It is vital the City Council continues to focus on investing in arrangements that will have a positive impact on the future of Stoke-on-Trent.

In addition, the authority will need to further explore partnership working with other authorities and organisations; devolving service delivery to independent groups or trusts; setting up companies to deliver services; collaborative working; and exploring and adopting different delivery models.

The ambitious programme for capital investment, linked to the Mandate for Change, will realise considerable positive benefits for the city, local businesses and its residents. Striking the right balance between continuing with the most important front line services but also creating the right conditions to nurture and develop a stronger local economy has never been more important.

The capital investment programme also needs to strike a balance between ambition and aspiration, balanced with affordability. Careful consideration of the impact on the revenue budget to ensure the City Council does not lock a disproportionate share of its revenue resources into funding long term liabilities will always be a key criteria. External funding opportunities and private sector leverage will continue to be pursued and the economic case for investment both in terms of positive impact for the city and financial return for the City Council will have to be rigorously assessed.

In the medium term the City Council will need to grow its own local income streams and even if this strategy is successful it will not be able to continue to deliver the same range and levels of services as it does now. Early engagement and agreement with local citizens to prioritise the core services that really matter most for 2015/16 and beyond will be critical in order to make informed choices about the future priority for service delivery.

The City Council has worked hard to deliver balanced budgets in 2010/11 to 2014/15 and recognises the need for continuing pro-active and decisive action as the City is adversely affected by unbalanced national finances and the resulting on-going austerity measures. Strong financial management and decisive action has provided a firm base for the Council to move forward. The City Council will once again rise to the challenge to provide a stable and prosperous future for the City of Stoke-on-Trent.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptional hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues who have assisted in the preparation of this document. I would also like to thank them for all their support and expertise during the financial year.

Laura Rowley BA MBA CPFA
Chief Operating Officer (Section 151 Officer)
Section 151 Officer
Date 24 September 2015

Further information about the accounts is available from:

Stoke-on-Trent City Council
Resources Directorate
Financial Services Division
Civic Centre, Glebe Street
Stoke-on-Trent
ST4 1HH
Telephone: (01782) 236877
E-mail: finance@stoke.gov.uk

These accounts, the Annual Governance Statement and other sources of financial information are available on the City Council's website at <http://www.stoke.gov.uk>. Comments on these accounts are welcomed and can be made through the website or the contact options shown above.

Authorisation of Accounts for Issue

This Statement of Accounts was approved and signed by the Section 151 Officer and the Chair of the Audit Committee on 24 September 2015. In line with statutory requirements the accounts and supporting documentation were made available for a period of 20 working days commencing 22 June 2015.

Events after the balance sheet have been considered up to 24 September 2015, in preparing the accounts.

Explanation of the Financial Statements

The Accounts and Audit (England) Regulations 2011 require the Council to produce a Statement of Accounts for each financial year. These Statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The statements contain a number of different elements which are explained below.

Comprehensive Income and Expenditure Statement

This statement reflects the sum of all income, expenditure, gains and losses incurred by the Council in the last 12 months and explains how the balance sheet position has changed between the two financial years. This statement shows the Council's financial position in accordance with accounting practice which means that the costs include notional charges for items such as depreciation, impairment, capital grants and capital charges.

2013/14			2014/15		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000	£000	£000	£000
691,961	(447,862)	244,099	631,110	(432,551)	198,559
		Net Cost of Services			
		9,227 Other Operating Expenditure			4,246
		185,894 Financing and Investment Income &			47,559
		(288,582) Taxation & Non-Specific Grant Income			(247,222)
		150,638 (Surplus)/Deficit on Provision of Services			3,142
		60,507 Other Comprehensive Income and Expenditure			62,980
		211,145 Total Comprehensive Income and Expenditure			66,122

Balance Sheet

This shows the value of the Council's asset and liabilities at the Balance Sheet date. These are matched by reserves which are split into two categories usable and unusable reserves. Unusable reserves are not available to use support services and are in the main used to hold unrealised gains and losses, where the actual gain or loss will only become available once another event has occurred.

31 March 2014		31 March 2015	
£'000		£'000	
1,050,971	Long Term Assets	1,092,938	
78,769	Current Assets	112,267	
(76,152)	Current Liabilities	(104,036)	
	Long Term Liabilities		
(299,771)	- Long Term Borrowing	(326,771)	
(434,687)	- Net Pension Liabilities	(530,794)	
(76,342)	- PFI	(70,870)	
(33,471)	- Other Long Term Liabilities	(29,544)	
209,317	Net Assets	143,190	
172,715	Usable Reserves	186,871	
36,602	Unusable Reserves	(43,681)	
209,317	Total Reserves	143,190	

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Authority, 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 authority'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 Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The 'Net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

2014/15	General Fund Balance	General Fund Earmarked Reserves	Usable Capital Receipts	Housing Revenue Account	HRA Earmarked Reserves	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014	12,253	109,638	5,180	6,876	20,098	3,851	14,819	172,715	36,602	209,317
Increase/ (Decrease) in Year	(3,686)	11,894	2,484	519	361	5,576	(2,992)	14,156	(80,283)	(66,127)
Balance at 31 March 2015	8,567	121,532	7,664	7,395	20,459	9,427	11,827	186,871	(43,681)	143,190

Cash Flow Statement

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. Operating activities are 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 cash outflows that have been made for resources which are intended to contribute to the Authority's future service delivery. Financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2013/14 £000		2014/15 £000
150,638	Net (surplus) or deficit on the provision of services	3,142
(253,777)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	(92,817)
56,828	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	45,427
31,805	Net cash flows from investing activities	37,738
4,030	Net cash flows from financing activities	(26,034)
(10,476)	Net (increase) or decrease in cash & cash equivalents	(32,544)
25,031	Cash & cash equivalents at the beginning of the reporting period	35,507
35,507	Cash & cash equivalents at the end of the reporting period	68,051

Supplementary Statements

Housing Revenue Account

This shows the in-year economic cost of providing housing services in accordance generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2013/14				2014/15	
£000				£000	
(61,861)		Total Expenditure		(22,772)	
68,586		Total Income		69,523	
(288)		HRA services' share of Corporate and Democratic Core		(342)	
6,437		Net Cost for HRA Services		46,409	
(6,458)		HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		(5,431)	
(21)		Surplus or (deficit) for the year on HRA services		40,978	

Collection Fund

The Local Government Finance Act 1988 required the establishment of a Collection Fund from 1st April 1990. 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. Monies paid into this fund include Council Tax and Non-Domestic Rates (NDR). Payments from the Fund include the General Fund demands of the City Council, demands from precepting authorities and the transfer of the locally collected business rates to Central Government.

2013/14				2014/15		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£000	£000	£000		£000	£000	£000
84,885	85,431	170,316	Income	84,505	87,510	172,015
-	(225)	(225)	Expenditure	1	1,324	1,325
10,010	4,247	14,257	Charges to the Collection Fund	8,428	494	8,922
74,875	81,409	156,284	Balance due for allocation	76,076	85,692	161,768
74,796	80,647	155,443	Precepts, Demands and Shares	81,681	82,104	163,785
79	762	841	Surplus/(Deficit) for the Year	(5,605)	3,588	(2,017)
-	595	595	Balance at the Beginning of the Year	79	1,357	1,436
79	1,357	1,436	Balance at the End of the Year	(5,526)	4,945	(581)

2 Independent Auditor's Report to the Members of Stoke-on-Trent City Council

Opinion on the Authority financial statements

We have audited the financial statements of Stoke on Trent City Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement and the related notes (in sections 8 to 12, 15, 17 and 18 of the financial statements). The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Stoke on Trent City Council as a body in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Operating Officer and auditor

As explained more fully in the Statement of the Chief Operating Officer's Responsibilities, the Chief Operating Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Chief Operating Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Stoke on Trent City Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Stoke on Trent City Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Mark Stocks**Director****for and on behalf of Grant Thornton UK LLP, Appointed Auditor****Colmore Plaza****20 Colmore Circus****BIRMINGHAM****West Midlands****B4 6AT**

3 Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Section
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the Statement of Accounts

Following the delegation of responsibility by the City Council to the Section 151 Officer, I confirm that the accounts were approved by the Audit Committee on 24th September 2015.

Councillor Joanne Powell-Beckett
Chair of the Audit Committee
Date 24 September 2015

The Section 151 Officers' Responsibilities

The Section 151 Officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of Accounts, the Section 151 Officer 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.

The Section 151 Officer has also:

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

Certificate of Section 151 Officers

I certify that this statement of accounts gives a true and fair view of the financial position as at 31 March 2015, financial performance and cash flow of the City Council for the year ended 31 March 2015.

Laura Rowley
Chief Operating Officer
Section 151 Officer
Date 24 September 2015

4 Comprehensive Income and Expenditure Statement

Restated 2013/14*				2014/15		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
			Continuing Service Areas			
6,199	(3,154)	3,045	Central services to the Public		6,620	(3,184)
31,404	(7,999)	23,405	Cultural and related services		27,727	(7,849)
38,564	(14,853)	23,711	Environmental and regulatory services		33,194	(12,896)
20,355	(8,033)	12,322	Planning services		19,101	(8,646)
264,847	(185,356)	79,491	Education and children's services		247,386	(168,642)
25,876	(9,686)	16,190	Highways and transport services		29,239	(10,640)
-	-	-	Infrastructure impairment	12.02c	4,502	-
121,145	(95,890)	25,255	General fund housing services		110,572	(95,812)
61,659	(68,384)	(6,725)	Local authority housing	13	51,205	(69,523)
-	-	-	HRA reversal of revaluation loss	12.02c	(28,430)	-
107,562	(33,492)	74,070	Adult social care		105,504	(34,745)
18,170	(20,779)	(2,609)	Public health services		19,330	(20,483)
3,210	(21)	3,189	Corporate and democratic core		3,733	(16)
(7,030)	(215)	(7,245)	Non distributed costs		1,427	(115)
691,961	(447,862)	244,099	Net Cost of Services		631,110	(432,551)
		67	Levies and external contributions			67
		8,066	Loss/(gain) on disposal of non current assets			2,533
		1,094	Payments to the Government housing capital receipts pool			1,646
		9,227	Other Operating Expenditure			4,246
		24,287	Interest payable & similar charges	12.09b		24,371
		16,208	Net interest on the net defined benefit liability	12.14		18,688
		(331)	Interest & investment income			(378)
		144,558	Derecognition of school assets transferred to academies			5,368
		1,660	Income & expenditure in relation to investment properties & changes in fair value			(363)
		(488)	Other investment (income)/expense			(127)
		185,894	Financing and Investment Income & Expenditure			47,559
		(67,248)	Council tax income			(72,079)
		(61,138)	Non domestic rates			(62,204)
		(111,232)	Non-specific government grants	12.11a		(95,113)
		(48,964)	Capital grants and contributions	12.11a		(17,826)
		(288,582)	Taxation & Non-Specific Grant Income			(247,222)
		150,638	(Surplus)/Deficit on Provision of Services			3,142
		(3,534)	(Surplus)/deficit on revaluation of non-current assets	12.05b		(7,559)
		4,155	Impairment losses on non-current assets charged to the revaluation	12.05b		222
		-	(Surplus)/deficit on revaluation of available for sale financial assets	12.05f		(5,316)
		59,886	Remeasurements on pension fund (assets) & liabilities	12.05c		75,633
		60,507	Other Comprehensive Income and Expenditure			62,980
		211,145	Total Comprehensive Income and Expenditure			66,122

* Details of the prior period restatement are shown in note 10

5 Balance Sheet

Restated*	Restated*			31 March 2015
1 April 2013	31 March 2014			£'000
£'000	£'000			
1,133,595	973,766	Property Plant & Equipment	12.06a	1,008,247
64,303	64,766	Heritage Assets	12.06b	66,502
9,535	7,874	Investment Property	12.06f	7,899
4,236	3,284	Intangible Assets	12.06f	2,970
1,707	19	Long Term Investments	12.09c	5,335
3,425	1,262	Long Term Debtors	12.16a	1,985
1,216,801	1,050,971	Long Term Assets		1,092,938
38	-	Short Term Investments	12.09a	9,980
3,101	2,868	Assets Held For Sale	12.06f	2,592
566	605	Stocks		628
48,771	39,789	Short Term Debtors	12.16b	31,016
25,031	35,507	Cash & Cash Equivalents	7	68,051
77,507	78,769	Current Assets		112,267
(7,590)	(4,295)	Short Term Borrowing		(4,326)
(5,221)	(5,818)	Other Short Term Liabilities		(6,212)
(68,006)	(58,895)	Short Term Creditors	12.17	(63,118)
(399)	(538)	Grants Receipts in Advance - Revenue		(80)
(2,979)	(1,574)	Grants Receipts in Advance - Capital	12.11a	(22,830)
(1,666)	(5,032)	Provisions	12.10	(7,470)
(85,861)	(76,152)	Current Liabilities		(104,036)
(1,316)	(693)	Long Term Creditors		(259)
-	-	Grants Receipts in Advance - Revenue		-
(5,218)	(3,725)	Grants Receipts in Advance - Capital	12.11a	(2,222)
(5,929)	(4,334)	Provisions	12.10	(5,030)
(299,771)	(299,771)	Long Term Borrowing	12.09e	(326,771)
(111,038)	(101,061)	Other Long Term Liabilities	12.09f	(92,903)
(364,714)	(434,687)	Net Pensions Liabilities	12.14	(530,794)
(787,986)	(844,271)	Long Term Liabilities		(957,979)
420,461	209,317	Net Assets		143,190
8,010	12,253	General Fund Balance	6	8,567
94,193	109,638	Earmarked Reserves - General Fund	12.03	121,532
5,569	5,180	Usable Capital Receipts Reserve	12.04a	7,664
8,273	6,876	Housing Revenue Account Balance	14	7,395
10,060	20,098	Earmarked Reserves - HRA	12.03	20,459
5,872	3,851	Major Repair Reserves	15.03	9,427
16,046	14,819	Capital Grants Unapplied	12.04b	11,827
148,023	172,715	Usable Reserves		186,871
501,034	345,455	Capital Adjustment Account	12.05a	352,806
140,989	128,912	Revaluation Reserve	12.05b	132,842
493	1,162	Collection Fund Adjustment Account	16	1,388
(364,714)	(434,687)	Pensions Reserve (Deficit)	12.05c	(530,793)
(9,659)	(5,745)	Accumulated Absences Account		(7,562)
(4,757)	(4,663)	Financial Instruments Adjustment Account	12.05d	(4,541)
-	-	Available for Sale Financial Instruments Reserve	12.05f	5,316
9,052	6,168	Deferred Capital Receipts Reserve	12.05e	6,863
272,438	36,602	Unusable Reserves		(43,681)
420,461	209,317	Total Reserves		143,190

* Details of the prior period restatement are shown in note 10

These financial statements replace the unaudited financial statements certified by Laura Rowley on 11 June 2015.

6 Movement in Reserves Statement

2014/15		General Fund Balance	General Fund Earmarked Reserves	Usable Capital Receipts	Housing Revenue Account	HRA Earmarked Reserves	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014		12,253	109,638	5,180	6,876	20,098	3,851	14,819	172,715	36,602	209,317
Movement in Reserves During 2014/15											
Surplus or (deficit) on provision of services accounting basis	4	(44,120)	-	-	40,978	-	-	-	(3,142)	-	(3,142)
Other Comprehensive Expenditure & Income	4	-	-	-	-	-	-	-	-	(62,980)	(62,980)
Total Comprehensive Expenditure & Income	4	(44,120)	-	-	40,978	-	-	-	(3,142)	(62,980)	(66,122)
Adjustments between accounting basis & funding basis under regulations	12.01	52,332	-	2,484	(40,095)	-	5,575	(2,996)	17,300	(17,300)	-
Net Increase/ (Decrease) before Earmarked Reserves Transfers		8,212	-	2,484	883	-	5,575	(2,996)	14,158	(80,280)	(66,122)
Rounding's				-	(3)	-	1	-	(2)	(3)	(5)
Transfers (from) General Fund to Earmarked Reserves	12.03	(38,944)	38,944	-	(9,216)	9,216	-	-	-	-	-
Transfers to General Fund (from) Earmarked Reserves	12.03	27,046	(27,050)	-	8,855	(8,855)	-	4	-	-	-
Increase/ (Decrease) in Year		(3,686)	11,894	2,484	519	361	5,576	(2,992)	14,156	(80,283)	(66,127)
Balance at 31 March 2015		8,567	121,532	7,664	7,395	20,459	9,427	11,827	186,871	(43,681)	143,190

Note 6 cont'd

Restated 2013/14*		General Fund Balance	General Fund Earmarked Reserves	Usable Capital Receipts	Housing Revenue Account	HRA Earmarked Reserves	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2013		8,010	94,193	5,569	8,273	10,060	5,872	16,046	148,023	272,438	420,461
Movement in Reserves During 2013/14											
Surplus or (deficit) on provision of services accounting basis	4	(150,617)	-	-	(21)	-	-	-	(150,638)	-	(150,638)
Other Comprehensive Expenditure & Income	4	-	-	-	-	-	-	-	-	(60,507)	(60,507)
Total Comprehensive Expenditure & Income	4	(150,617)	-	-	(21)	-	-	-	(150,638)	(60,507)	(211,145)
Adjustments between accounting basis & funding basis under regulations	12.01	170,395	-	(387)	8,659	-	(2,020)	(1,317)	175,330	(175,330)	-
Net Increase/ (Decrease) before Earmarked Reserves Transfers		19,778	-	(387)	8,638	-	(2,020)	(1,317)	24,692	(235,837)	(211,145)
Rounding's		(1)		(2)	3		(1)	1	-	1	1
Transfers (from) General Fund to Earmarked Reserves	12.03	(36,417)	36,420	-	(10,038)	10,038	-	(3)	-	-	-
Transfers to General Fund (from) Earmarked Reserves	12.03	20,883	(20,975)	-	-	-	-	92	-	-	-
Increase/ (Decrease) in Year		4,243	15,445	(389)	(1,397)	10,038	(2,021)	(1,227)	24,692	(235,836)	(211,144)
Balance at 31 March 2014		12,253	109,638	5,180	6,876	20,098	3,851	14,819	172,715	36,602	209,317

* Details of the prior period restatement are shown in note 10

7 Cash Flow Statement

Restated*				2014/15	
2013/14				£000	£000
£000	£000			£000	£000
	150,638	Net (surplus) or deficit on the provision of services			3,142
		Adjustments to net (surplus) or deficit on the provision of services for non-cash movements			
(35,024)		Depreciation		(29,995)	
(57,552)		Impairment & Downward Valuations		(1,120)	
(1,711)		Amortisations		(1,464)	
(445)		Increase/(decrease) in impairment for provision for bad debts		(2,401)	
18,669		(Increase)/decrease in creditors		(19,289)	
(2,315)		Increase/(decrease) in debtors		(1,129)	
39		Increase/(decrease) in stock		23	
(10,087)		Movement in Pension Liability		(20,473)	
(159,882)		Net carrying amount of non-current assets sold		(15,417)	
(3,809)		Other non-cash items charges to the net Surplus or Deficit on the Provision of Services		(1,552)	
(1,660)		Change in Fair Value of investment properties		-	
	(253,777)				(92,817)
		Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
		Other receipts from investing activities:			
39,777		- Grants/Contributions Applied (see note 12.01)		8,544	
-		- Transfer of deferred sale proceeds credited as part of gain/loss in disposal to the CIES (see note 12.01)		987	
4,856		- REFCUS Funding	**	4,185	
4,330		- Grants Unapplied	**	4,110	
1,540		- Movement in Capital Debtors	**	765	
(3,521)		- Movement in Capital Creditors	**	19,318	
9,846		Proceeds from the sale of property, plant and equipment, investment property & intangible assets		7,518	
	56,828				45,427
	(46,311)	Net cash flows from Operating Activities			(44,248)
		Investing Activities			
90,050		Purchase of property, plant & equipment, investment property & intangible assets		72,777	
-		Purchase of short term and long term investments		9,980	
(9,537)		Proceeds from the sale of property, plant & equipment, investment property & intangible assets		(7,110)	
(1,726)		Proceeds from short-term & long-term investments		-	
(46,982)		Other receipts from investing activities	***	(37,909)	
	31,805	Net cash flows from investing activities			37,738
		Financing Activities			
5,696		Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		4,682	
4,829		Repayments of short and long-term borrowing		1,829	
(6,495)		Other receipts from financing activities		(5,555)	
-		Cash receipts of long-term borrowing		(26,990)	
	4,030	Net cash flows from financing activities			(26,034)
	(10,476)	Net (increase) or decrease in cash & cash equivalents			(32,544)
	25,031	Cash & cash equivalents at the beginning of the reporting period			35,507
	35,507	Cash & cash equivalents at the end of the reporting period			68,051

As the Authority uses the indirect method to produce the cash flow statement, it is a requirement to disclose the following items separately. In 2014/15, the amount of interest received was £378,055 (£685,599 in 2013/14), interest paid £24,371,266 (£24,316,662 in 2013/14) and £127,202 dividends were received (£0 in 2013/14).

* Details of the prior period restatement are shown in note 10

*** Includes the items marked ** above in addition, £8.544m of capital grants and £0.987m of released deferred sales proceeds.

8 Accounting Standards that have been Issued but not yet Adopted

The 2014/15 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The Code 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.

For 2015/16 the following accounting policy changes that need to be reported relate to:

- **IFRS 13 Fair Value Measurement and the Measurement of Property, Plant and Equipment**

Property, plant and equipment used to support service delivery will continue to be measured on the basis of its service potential ie an existing use valuation. Property, plant and equipment that are not being used to supply goods and services and do not meet the criteria of assets held for sale (ie surplus assets) would be measured at fair value in accordance with IFRS 13. Currently they are measured by an existing use valuation based on their use before coming surplus. The change is prospective and will apply from 2015/16 and is not a retrospective change in accounting policy.

It is expected that the change in the measurement will impact on the carrying values of surplus assets. The figure involved is, at this stage unknown however 10% +/- swing in valuation will have an effect on the opening net book value at 31 March 14 of £3.5m which would not be a material impact.

- **Annual Improvements to IFRS 2011-2013 Cycle**

The International Accounting Standards Board (IASB) carries out cyclical work to identify and implement improvements in IFRSs. It is not considered that these improvements will have a material impact on the accounts nor materially amend accounting policies.

- **IFRIC 21 Levies**

IFRIC 21 Levies provides guidance on the recognition of liabilities to pay levies. In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the IFRIC specified the obligating event as the activity that triggers the payment of the levy (which may occur progressively or when a threshold is reached, or both). It is not considered that this change will have a material impact on the accounts nor materially amend accounting policies.

- **Transport Infrastructure Code**

From 1 April 2016, transport infrastructure assets will be measured using a depreciated replacement cost (DRC) basis rather than at historical cost (including full retrospective restatement for 2014/15). This will include the restated DRC measurements for infrastructure assets and Revaluation Reserve from 1 April 2014. It is estimated that the change in valuation method will cause an increase in the net book value of infrastructure assets by over £3bn.

9 Critical Judgements in applying Accounting Policies

In applying the accounting policies, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. Some of the key critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. The authority reviews its asset base and has judged that this uncertainty is not yet sufficient to provide an indication that material assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision. Where an asset is no longer judged to be required to provide a service it is declared surplus ultimately resulting in its disposal or transfer.
- The authority has judged that it controls the services provided under the outsourced agreements to rebuild, maintain, upgrade and provide services to its schools; to provide street lighting services; to provide and maintain a multi-service district centre on the Devonshire Square site in Bentilee; and to provide and maintain a waste to energy plant and associated waste disposal site at Hanford.
- The authority has also concluded that it controls the residual value of assets used in these arrangements at the end of the agreements, with the exception of the waste scheme mobile plant and equipment, which may be purchased by the authority at the end of the contract period at open market value. The accounting policies for PFI schemes and similar contracts have been applied to these arrangements and the assets are recognised as Property, Plant and Equipment on the authority's balance sheet.
- IFRS 10 control criteria in respect of local authority maintained schools specifies that '*the balance of control lies with local authorities for all maintained schools*'. For Voluntary Aided/Controlled schools the authority conducts an annual assessment to ensure that material transactions are recognised and consolidated into the Council's Single Entity Primary Statement of Accounts.
- The City Council's schools are run under a number of arrangements including Local Authority, Foundation schools and Church schools. For Foundation and Church Schools as they form part of the PFI contract for which the City Council controls the delivery of services provided; in applying IFRIC 12 *Service Concession Arrangements* the City Council has judged that assets are used to provide public services in the service concession arrangement and are consequently recognised on the balance sheet.
- For Academy Schools it is the City Council's judgement that the Council has no control over Academy schools, therefore the assets and liabilities are not consolidated into the City Council's balance sheet. At the point of the Academy transfer notification the non-current assets are derecognised. Where the City Council is the owner the land, being on a short term lease is retained on the City Council's balance sheet.
- The 2014/15 Code of Practice has clarified the requirements for valuing property, plant and equipment and now states explicitly that revaluations must be 'sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period.' In order to be satisfied that the value of assets in the balance sheet is not materially different from the amount that would be given by a full valuation carried out on 31 March 2015 the council has created sub-groups of assets that are subject to formal valuation at the year end and been provided with a professional valuation assessment of the remaining assets. For assets not valued in the year, the council has judged that their value has not altered materially at the balance sheet date. This judgement is supported by a year-end market review provided by the Council's qualified valuers that provides assurance that valuations are materially correct at the balance sheet date.
- In assessing the changes to group accounts standards applicable from 1 April 2014, the Council has reviewed its relationship and interest with external organisations and concludes that it does not have any interests in subsidiaries, associated companies and joint ventures that are material both individually and in aggregate, and therefore there is no requirement to produce a set of Group Accounts.

10 Changes to Accounting Policy and Prior Period Adjustments

This section details revisions to previous years reported figures as a result of a change to accounting policy, the city council changing their accounting method or changes required as a result of International Financial Reporting Standards (IFRS) regulatory changes

Accounting standards that come into effect for financial years commencing on or before 1 January of the financial year ie on or before 1 January 2015 for 2014/15 are considered for changes to accounting policy that may result in the amendment to previously reported figures where material.

For 2014/15 there were a number of changes;

- The adoption of IAS 32 Financial Instruments: Presentation in the Code. The amendment does not result in a change of accounting policy as it is simply a disclosure amendment.
- The adoption of the following new or amended standards principally in relation to group accounts:
 - IFRS 10 *Consolidated Financial Statements*
 - IFRS 11 *Joint Arrangements*
 - IFRS 12 *Disclosure of Interests in Other Entities*
 - IAS 27 *Separate Financial Statements (as amended in 2011)*
 - IAS 28 *Investments in Associates and Joint Ventures (as amended in 2011)*, and
 - *Annual Improvements to IFRS 2009 - 2011 Cycle 20*

In reviewing these standards the Council has judged that there are no prior period adjustments for 2014/15 resulting from changes to accounting policy.

- In applying group accounts accounting standards local authority maintained schools are capable of being treated as separate entities for control purposes, based on the indicators of control within IFRS 10. The balance of control lies with local authorities for all maintained schools with control of assets being determined in line with the relevant standards. The transactions for schools will be reported as single entity accounts within the Council rather than as a group as a result of the adaptation to the Accounting Code.

The Council has judged that all maintained schools transactions and assets remain within the control of the Council and as such there are no prior period adjustments for 2014/15 resulting from this amendment to the Accounting Code.

- For 2014/15 the Council has changed its accounting policy for accounting for schools being derecognised as a result of transfer to academy status where the council has been given an academy conversion order. Previously schools were impaired and charged to Net Cost of Service within the Comprehensive Income and Expenditure statement in the year when an academy transfer order was provided advising the council of the intention to convert. On receipt of the academy conversion order equipment and infrastructure assets were derecognised in the year of that order and on the signing of the lease buildings were derecognised and charged to other comprehensive income and expenditure.

The new approach is to derecognise all of the assets above in the financial year applicable to the date specified in the academy conversion order for the schools to convert. Derecognition is applied in full and charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the financial year in which they were derecognised.

The Council has amended the accounting policy as a result of the changes to the approach advised by the Chartered Institute of Public Finance and Accountancy (CIPFA) who believe that this approach follows the principle of transfer of function and better reflects the substance of the transfer of the assets to another government institution.

In applying the new accounting policy, the Council has revised the primary statements to reflect as far as practicable the change to the primary statements for the year ending 2012/13 to 2013/14 and applied the new policy to the 2014/15 accounts. There is no overall impact on the reserves of the council.

The effects of the restatement are as follows, please note only the figures affected by the change are shown.

Effect on balance sheet

The effect on the balance sheet is to amend the carrying value of Property Plant and Equipment by (result of the movement).

	Reported Opening Balance 1 April 2013 £000	Reported Closing Balance 31 March 2014 £000	Revised Opening Balance 1 April 2013 £000	Revised Closing Balance 31 March 2014 £000	Adjustment to Opening Balance 1 April 2013 £000	Adjustment to Closing Balance 31 March 2014 £000
Non Current Assets						
Property Plant and Equipment	1,022,922	959,592	1,133,595	973,766	110,673	14,174
Intangible Assets	4,176	3,268	4,236	3,284	60	16
Net Assets	309,728	195,127	420,461	209,317	110,733	14,190
	-	-	-	-	-	-
Unusable Reserves						
Revaluation Reserve	136,920	128,582	140,989	128,912	4,069	330
Capital Adjustment Account	394,370	331,595	501,034	345,455	106,664	13,860
Total Unusable Reserves	161,705	22,412	272,438	36,602	110,733	14,190
Total Reserves	309,728	195,127	420,461	209,317	110,733	14,190

Supporting notes to the balance sheet specifically notes 12.06a and 12.06f, 12.05a, 12.05b have been amended to reflect the above changes

Effect on the Comprehensive Income and Expenditure Statement

The effect on the CIES is to amend the net cost of service by (result of the movement) and the financing and investment income and expenditure by (result of the movement).

	AS Previously Stated Gross Expenditure 2013/14 £000	As Previously Stated Net Expenditure 2013/14 £000	Restated Gross Expenditure 2013/14 £000	Restated Net Expenditure 2013/14 £000	Adjustment Gross Expenditure 2013/14 £000	Adjustment Net Expenditure 2013/14 £000
Continuing Service Areas						
Academies Impairment	47,682	47,682	842	842	(46,840)	(46,840)
Net Cost of Services	760,811	290,940	713,971	244,100	(46,840)	(46,840)
Financing and Investment Income						
Derecognition of School Assets Transferred to Academies		-		144,558		144,558
(Surplus)/Deficit on Provision of Services		52,921		150,638		97,717
Other Comprehensive Income and Expenditure		61,681		60,507		(1,174)
Total Comprehensive Income and Expenditure		114,602		211,145		96,543

Supporting notes to the Comprehensive Income and Expenditure Statement specifically note 12.02c has been amended to reflect the above changes.

Effect on Movement in Reserves Statement

	As Previously Stated 2013/14	As Restated 2013/14	Adjustment 2013/14
Balance at 31 March 2013			
Unusable Reserves	161,705	272,438	110,733
Total Authority Reserves	309,728	420,461	110,733
Surplus of (deficit) on provision of services accounting basis			
General Fund	(52,900)	(150,617)	(97,717)
Total Useable Reserves	(52,921)	(150,638)	(97,717)
Total Authority Reserves	(52,921)	(150,638)	(97,717)
Other Comprehensive Expenditure and Income			
Total Useable Reserves	(61,681)	(60,507)	1,174
Total Authority Reserves	(61,681)	(60,507)	1,174
Total Comprehensive Expenditure and Income			
General Fund	(52,900)	(150,617)	(97,717)
Total Useable Reserves	(52,921)	(150,638)	(97,717)
Unusable Reserves	(61,681)	(60,507)	1,174
Total Authority Reserves	(114,602)	(211,145)	(96,543)
Adjustments between accounting basis & funding basis under regulations			
General Fund	72,678	170,395	97,717
Total Useable Reserves	77,613	175,330	97,717
Unusable Reserves	(77,613)	(175,330)	(97,717)
Net Increase/(Decrease) before Transfers to Earmarked Reserves			
Unusable Reserves	(139,294)	(235,837)	(96,543)
Total Authority Reserves	(114,602)	(211,145)	(96,543)
Balance at 31 March 2014			
Unusable Reserves	22,412	36,602	14,190
Total Authority Reserves	195,127	209,317	14,190

Supporting notes to the balance sheet specifically notes 4 and 12.01 have been amended to reflect the above changes.

Effect on the Cash flow statement

	As Previously Stated 2013/14	As Restated 2013/14	Adjustment 2013/14
Net (surplus) or deficit on the provision of services	52,921	150,638	97,717
Adjustments to net (surplus) or deficit on the provision of services for non-cash movements			
- Depreciation	(33,498)	(35,024)	(1,526)
- Impairment & Downward Valuation	(105,919)	(57,552)	48,367
- Net carrying amount of non-current assets sold	(15,324)	(159,882)	(144,558)

- The City Council has a number of services which undertake work on behalf of another service and then recharge them. Recharges in themselves do not add to the overall costs of the Council as they are an internal transfer of costs already incurred. However, it has been identified that some services have accounted for the recharge of costs as income. Whilst there is no overall impact on Net Expenditure it does mean that Gross Income and Gross Expenditure have been overstated.

Effect on the Comprehensive Income and Expenditure Statement

The effect on the CIES is to amend the gross income and gross expenditure within the Net Cost of Services. The adjustment does not affect Net Expenditure.

	As Previously Stated Gross Expenditure 2013/14	As Previously Stated Gross Income 2013/14	Restated Gross Expenditure 2013/14	Restated Gross Income 2013/14	Adjustment Gross Expenditure 2013/14	Adjustment Gross Income 2013/14
	£000	£000	£000	£000	£000	£000
Continuing Service Areas						
Cultural and related services	32,324	(8,919)	31,404	(7,999)	(920)	920
Environmental and regulatory services	44,397	(20,686)	38,564	(14,853)	(5,833)	5,833
Planning services	21,514	(9,192)	20,355	(8,033)	(1,159)	1,159
Education and children's services	272,716	(194,066)	264,006	(185,356)	(8,710)	8,710
Highways and transport services	27,261	(11,071)	25,876	(9,686)	(1,385)	1,385
General fund housing services	123,815	(98,560)	121,145	(95,890)	(2,670)	2,670
Local authority housing	61,861	(68,586)	61,659	(68,384)	(202)	202
Adult social care	108,136	(34,066)	107,562	(33,492)	(574)	574
Public health services	18,391	(21,000)	18,170	(20,779)	(221)	221
Corporate and democratic core	3,545	(356)	3,210	(21)	(335)	335
Net Cost of Services	760,811	(469,871)	738,802	(447,862)	(22,009)	22,009

Supporting notes to the CIES specifically note 12.02 has been amended to reflect the above changes.

11 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant facts.

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.

Pensions Asset/Liability

Estimation of the net asset/liability of 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. The transactions in the accounts represent the best estimate of pension assets and liabilities reflecting the uncertainty inherent in the estimations and are determined by a firm of professional actuaries engaged to provide the Authority with this information.

The effect of the net pensions liability of changes in individual assumptions can be measured. For instance, all other factors remaining equal, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £146.603m.

Arrears

At 31 March 2015 the Council had a gross short term debtor's balance of £53.50m. A review of significant debtor balances has been undertaken and a debtors' impairment figure of £22.49m has been set aside in the accounts. This impairment allowance is based on past patterns and future assumptions of collection. Should economic factors mean the impairment allowance is insufficient then any excess debt that proves uncollectable will result in a charge to the Comprehensive Income and Expenditure Statement. This cost may ultimately fall to the General Fund, HRA Balance or the Collection Fund Adjustment Account, depending on the nature of the debt. Should an additional 5% of debts prove to be uncollectable (above the amount set aside) there would be a cost of £1.12m to the Council.

PFI & Similar Contracts

As at 31 March 2015 the Authority had committed to making unitary payments of £356.950m over the remaining lives of the PFI and similar contracts schemes (see note 12.08). The contract payments are subject to inflationary increases, based on factors such as energy prices and various other contract variations that may arise after this date. In the current economic climate particularly with respect to energy prices, the value of future unitary payments may be higher than currently anticipated.

If inflationary factors were to increase by 0.5% on all PFI schemes, an additional £6.878m would need to be set aside to meet future commitments. If inflationary factors were to decrease by 0.5% on all PFI schemes, future commitments would be £6.676m lower.

Business Rate Appeals

The 2014-15 Accounts include estimates of the potential costs that may arise as a result of appeals lodged against non-domestic rate charges by local organisations. A gross provision of £12.900m has been set aside based on details of outstanding claims provided by the valuation office agency, analysis of historical trends in appeal outcomes and local knowledge. The City Council share of this provision is 49% (£6.321m). Should the actual outcomes from these appeals result in higher or lower costs then there would be a corresponding increase or decrease in the collection fund deficit charged to the taxation and non-specific grant income line of the Comprehensive Income and Expenditure Statement. This deterioration would be recorded against the Collection Fund Adjustment Account for one year before being transferred to the General Fund the next. A 10% increase in costs from appeals would reduce net income by £0.6m.

Property Valuations

The Council revalue its assets with sufficient regularity to ensure the value at the balance sheet date is materially correct but no more than over a five year period. It is possible that property values could fluctuate considerably within this five year timeframe and where there is evidence of such movements further valuations will be undertaken. The Council bases its valuations on assumptions of asset conditions, useful lives, residual values and market conditions. These judgements are underpinned by the best available information and made by qualified valuers but are still based on estimates. A 1% fluctuation in council dwellings and other land and buildings values would amount to a £7m movement in Property Plant and Equipment balance shown on the Balance Sheet.

12 Notes to the Accounts - Index

- 12.01** Adjustments between Accounting basis and funding basis under regulations
- 12.02** Amounts Reported for Management Account Purposes
- 12.03** Transfers To/From Earmarked Revenue Reserves
- 12.04** Usable Reserves
- 12.05** Unusable Reserves
- 12.06** Assets
- 12.07** Capital
- 12.08** PFI and Similar Contracts
- 12.09** Financial Instruments
- 12.10** Provisions
- 12.11** Grants
- 12.12** Officers Remuneration
- 12.13** Termination Benefits & Exit Packages
- 12.14** Pensions
- 12.15** Pooled Budgets
- 12.16** Debtors
- 12.17** Short-Term Creditors
- 12.18** Related Party Transactions
- 12.19** Partnership Arrangement
- 12.20** Members Allowances
- 12.21** External Audit Costs
- 12.22** Contingent Assets
- 12.23** Contingent Liabilities
- 12.24** Events after the Balance Sheet Date

12.01 Adjustments between Accounting basis and funding basis under regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement (CIES), recognised by the Authority in the year, in accordance with proper accounting practice to the resources that are specified by statutory provision as being available to the Authority, to meet future capital and revenue expenditure.

2014/15		Useable Reserves					
		General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
		£000	£000	£000	£000	£000	£000
Adjustments Primarily Involving:	Notes						
i) Capital Adjustment Account							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)							
Depreciation of Non-Current Assets	12.06d	(20,472)	(9,523)	-	-	-	29,995
Impairment of Non-Current Assets	12.06d	(3,299)	15,922	-	-	-	(12,623)
Impairment of Non-dwelling HRA assets chargeable to the CIES		-	-	-	-	-	-
Revaluation losses on Property, Plant & Equipment	12.06f	(26,023)	12,280	-	-	-	13,743
Revaluation losses on Assets Held for Sale		-	-	-	-	-	-
Movement in market value of Investment Properties		-	-	-	-	-	-
Amortisation of Intangible Assets	12.06d	(1,464)	-	-	-	-	1,464
Revenue Expenditure Funded from Capital Under Statute	12.07b	(8,364)	-	-	-	-	8,364
Carrying amount of Non-Current Assets:							
- written off on disposal to the CIES		(3,825)	(2,926)	-	-	-	6,751
- finance leases written off on disposal to the CIES		(57)	(351)	-	-	-	408
- written off on derecognition to the CIES		(8,259)	-	-	-	-	8,259
Capital grants and contributions applied	12.07b	8,185	359	-	-	-	(8,544)
Revenue Expenditure Funded from Capital Under Statute - Funding	12.07b	4,185	-	-	-	-	(4,185)
Insertion of items not debited or credited to the CIES							
MRP for capital financing	12.07c	18,136	-	-	-	-	(18,136)
County council loan principal repayment	12.09f	1,829	-	-	-	-	(1,829)
HRA repayment of debt	12.05a	-	960	-	-	-	(960)
Service concession deferred income write back	12.05a	570	-	-	-	-	(570)
Capital expenditure charged against the general fund	12.05a	1,575	4,240	-	-	-	(5,815)
ii) Capital Grants Unapplied Account							
Capital Grants credited to the CIES which are unapplied	12.04b	4,110	-	-	-	(4,110)	-
Transfer of grants applied to Capital Adjustment Account	12.04b	-	-	-	-	7,106	(7,106)
iii) Financial Instruments Adjustment Account	12.05d	136	(14)	-	-	-	(122)
iv) Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the CIES	12.05c	(42,186)	(2,338)	-	-	-	44,524
Employer's contributions and direct payments made in year to the pension fund	12.05c	22,788	1,263	-	-	-	(24,051)
v) Collection Fund Adjustment Account							
Difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to:							
Council Tax	16	2,973	-	-	-	-	(2,973)
Business Rates	16	(2,746)	-	-	-	-	2,746
vi) Accumulated Absences Account		(1,785)	(31)	-	-	-	1,816
vii) Deferred Capital Receipts Reserve							
Transfer of deferred capital grants credited as capital grants and contributions to the CIES	12.05e	987	-	-	-	-	(987)
viii) Capital Receipts Reserve							
Transfer of cash sale proceeds credited as part of gain/loss in disposal to the CIES		2,282	4,828	(7,140)	-	-	30
Transfer of notional sale proceeds credited as part of gain/loss in disposal to the CIES		57	351	(408)	-	-	-
Contribution from Capital Receipts Reserve to							
- disposal costs		(19)	-	19	-	-	-
- Government Capital Receipts Pool		(1,646)	-	1,646	-	-	-
Repayment from long term debtors	12.04a	-	-	(262)	-	-	262
Use of Capital receipts to finance new capital expenditure		-	-	3,661	-	-	(3,661)
ix) Major Repairs Reserve							
Contribution for Depreciation	15.03	-	9,523	-	(9,523)	-	-
Voluntary Contribution	15.03	-	5,552	-	(5,552)	-	-
Use of major repairs allowance to finance:							
- voluntary repayment of debt		-	-	-	-	-	-
- new capital expenditure	15.03	-	-	-	9,500	-	(9,500)
Total Adjustments		(52,332)	40,095	(2,484)	(5,575)	2,996	17,300

2013/14		Useable Reserves					
		General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
Adjustments Primarily Involving:	Notes	£000	£000	£000	£000	£000	£000
i) Capital Adjustment Account							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)							
Depreciation of Non-Current Assets	12.06d	(25,347)	(9,677)	-	-	-	35,024
Impairment of Non-Current Assets	12.06d	(8,789)	(10,716)	-	-	-	19,505
Impairment of Non-dwelling HRA assets chargeable to the CIES		-	571	-	-	-	(571)
Revaluation losses on Property, Plant & Equipment	12.06a	(37,906)	(141)	-	-	-	38,047
Revaluation losses on Assets Held for Sale		-	-	-	-	-	-
Movement in market value of Investment Properties		(1,196)	(464)	-	-	-	1,660
Amortisation of Intangible Assets		(1,711)	-	-	-	-	1,711
Revenue Expenditure Funded from Capital Under Statute	12.05a	(5,960)	-	-	-	-	5,960
Carrying amount of Non-Current Assets:	12.06a	-	-	-	-	-	-
- written off on disposal to the CIES	12.06a	(12,411)	(2,542)	-	-	-	14,953
- finance leases written off on disposal to the CIES		(36)	(335)	-	-	-	371
- written off on derecognition to the CIES	12.06a	(144,558)	-	-	-	-	144,558
Capital grants and contributions applied	12.05a	39,721	56	-	-	-	(39,777)
Revenue Expenditure Funded from Capital Under Statute - Funding	12.05a	4,856	-	-	-	-	(4,856)
Insertion of items not debited or credited to the CIES							
MRP for capital financing	12.07c	17,172	-	-	-	-	(17,172)
County council loan principal repayment	12.09f	1,829	-	-	-	-	(1,829)
HRA repayment of debt	12.07b	-	2,194	-	-	-	(2,194)
Service concession deferred income write back	12.09f	571	-	-	-	-	(571)
Capital expenditure charged against the general fund	12.07b	2,164	-	-	-	-	(2,164)
ii) Capital Grants Unapplied Account							-
Capital Grants credited to the CIES which are unapplied	12.04b	4,330	-	-	-	(4,330)	-
Transfer of grants applied to Capital Adjustment Account	12.04b	-	-	-	-	5,647	(5,647)
iii) Financial Instruments Adjustment Account	12.05d	127	(33)	-	-	-	(94)
iv) Pensions Reserve							-
Reversal of items relating to retirement benefits debited or credited to the CIES	12.15c	(31,687)	(1,601)	-	-	-	33,288
Employer's contributions and direct payments made in year to the pension fund	12.15c	22,085	1,116	-	-	-	(23,201)
v) Collection Fund Adjustment Account							-
Difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to:							
Council Tax		631	-	-	-	-	(631)
Business Rates		38	-	-	-	-	(38)
vi) Accumulated Absences Account		3,934	(21)	-	-	-	(3,913)
vii) Deferred Capital Receipts Reserve							-
Transfer of deferred sale proceeds credited as part of gain/loss in disposal to the CIES	12.05e	(2,589)	-	-	-	-	2,589
viii) Capital Receipts Reserve							-
Transfer of cash sale proceeds credited as part of gain/loss in disposal to the CIES	12.04a	5,433	4,042	(9,537)	-	-	62
Transfer of notional sale proceeds credited as part of gain/loss in disposal to the CIES		36	335	(371)	-	-	-
Contribution from Capital Receipts Reserve to							
- disposal costs	12.04a	(38)	-	38	-	-	-
- Government Capital Receipts Pool	12.04a	(1,094)	-	1,094	-	-	-
Repayment from long term debtors	12.04a	-	-	(232)			232
Use of Capital receipts to finance new capital expenditure	12.04a	-	-	9,395	-	-	(9,395)
ix) Major Repairs Reserve							-
Major Repairs Allowance credited to HRA	15.03	-	9,677	-	(9,677)	-	-
Use of major repairs allowance to finance:							
- voluntary repayment of debt	15.03	-	(1,120)	-	1,120	-	-
- new capital expenditure	12.07b	-	-	-	10,577	-	(10,577)
Total Adjustments		(170,395)	(8,659)	387	2,020	1,317	175,330

12.02 Amounts Reported for Management Account Purposes

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement (CIES) is that specified by the Service Reporting Code of Practice (SeRCOP). 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:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the CIES).
- 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.
- expenditure on some support services is budgeted for centrally and not charged to directorates.

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

12.02a Directorate Analysis

2014/15	People	Public Health	Place	Corporate Services	Benefit Payments	Housing Revenue Account	Non Departmental Costs	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, Charges & Other Service Income	(65,541)	(5,937)	(47,589)	(9,678)	-	(69,725)	17,864	(180,606)
Interest & Investment Income	-	-	-	-	-	(102)	(276)	(378)
Income from Council Tax	-	-	-	-	-	-	(1,097)	(1,097)
Income from NDR	-	-	-	-	-	-	(64,950)	(64,950)
Government Grants & Contributions - Revenue	(58,291)	(20,242)	(6,777)	(3,603)	(95,235)	-	(171,768)	(355,916)
Government Grants & Contributions - Capital	-	-	-	-	-	(359)	(987)	(1,346)
Total Income	(123,832)	(26,179)	(54,366)	(13,281)	(95,235)	(70,186)	(221,214)	(604,293)
Employee Expenses	69,288	5,482	28,696	27,748	-	6,926	49,820	187,960
Pension Interest Cost	-	-	-	-	-	981	-	981
Other Operating Expenses	13,812	1,911	20,001	1,097	-	8,422	35,695	80,938
Supplies & Services	40,762	3,766	32,095	13,689	391	13,040	8,888	112,631
Third Party Payment	111,189	15,300	15,128	27	-	17,089	2,478	161,211
Transfer Payment	5,315	-	-	-	93,146	-	-	98,461
Depreciation, Amortisation & Impairment	-	3	-	-	-	13,469	8,075	21,547
Interest Payments	-	-	-	-	-	6,813	7,395	14,208
Precepts & Levies	-	-	-	-	-	-	67	67
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	1,646	1,646
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	2,926	(7,110)	(4,184)
Total Expenditure	240,366	26,462	95,920	42,561	93,537	69,666	106,954	675,466
Net Expenditure	116,534	283	41,554	29,280	(1,698)	(520)	(114,260)	71,173

2013/14	People	Public Health	Place	Corporate Services	Benefit Payments	Housing Revenue Account	Non Departmental Costs	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, Charges & Other Service Income	(68,601)	(702)	(48,944)	(9,140)	-	(68,586)	31,724	(164,249)
Interest & Investment Income	-	-	-	-	-	(128)	(203)	(331)
Income from Council Tax	-	-	-	-	-	-	186	186
Income from NDR	-	-	-	-	-	-	(61,100)	(61,100)
Government Grants & Conts	(55,786)	(19,691)	(4,578)	(3,568)	(95,994)	(56)	(205,423)	(385,096)
Total Income	(124,387)	(20,393)	(53,522)	(12,708)	(95,994)	(68,770)	(234,816)	(610,590)
Employee Expenses	73,915	1,471	29,720	26,730	-	6,437	55,027	193,300
Pension Interest Cost	-	-	-	-	-	780	-	780
Other Operating Expenses	15,952	391	21,253	1,247	5	15,577	41,176	95,601
Supplies & Services	41,012	821	30,507	11,388	110	12,372	4,902	101,112
Third Party Payment	107,745	14,951	16,395	125	-	17,800	1,791	158,807
Transfer Payment	5,494	-	-	-	94,126	-	(453)	99,167
Depreciation, Amortisation & Impairment	-	-	-	-	-	10,303	9,105	19,408
Interest Payments	-	-	-	-	-	6,898	7,463	14,361
Precepts & Levies	-	-	-	-	-	-	67	67
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	1,094	1,094
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	(9,146)	(9,146)
Total Expenditure	244,118	17,634	97,875	39,490	94,241	70,167	111,026	674,551
Net Expenditure	119,731	(2,759)	44,353	26,782	(1,753)	1,397	(123,790)	63,961

12.02b Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure in note 12.02a reconcile to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the CIES.

2014/15	Service Analysis	Amounts included in the Service Analysis not included in the net cost of service	Amounts not included in the Service Analysis included in the net cost of service	CIES - Net Cost of Services	Other Expenditure, Taxation & Income	Total
	£000	£000	£000	£000	£000	£000
Fees, Charges & Other Service Income	(180,606)	-	4,815	(175,791)	-	(175,791)
Interest & Investment Income	(378)	378	-	-	(741)	(741)
Income from Council Tax	(1,097)	1,097	-	-	(72,079)	(72,079)
Income from NDR	(64,950)	64,950	-	-	(62,204)	(62,204)
Government Grants & Contributions - Revenue	(355,916)	95,122	4,034	(256,760)	(95,113)	(351,873)
Government Grants & Contributions - Capital	(1,346)	1,346	-	-	(17,826)	(17,826)
Total Income	(604,293)	162,893	8,849	(432,551)	(247,963)	(680,514)
Employee Expenses	187,960	-	20,068	208,028	-	208,028
Pension Interest Cost	981	(981)	-	-	18,688	18,688
Other Operating Expenses	80,938	(29,394)	6,351	57,895	(127)	57,768
Supplies & Services	112,631	-	(80,160)	32,471	-	32,471
Third Party Payment	161,211	-	36,907	198,118	-	198,118
Transfer Payment	98,461	-	-	98,461	-	98,461
Depreciation, Amortisation & Impairment	21,547	(40,222)	54,812	36,137	-	36,137
Interest Payments	14,208	(14,208)	-	-	24,371	24,371
Precepts & Levies	67	(67)	-	-	67	67
Payments to Housing Capital Receipts Pool	1,646	(1,646)	-	-	1,646	1,646
Gain or Loss on Disposal of Fixed Assets	(4,184)	4,184	-	-	7,901	7,901
Total Expenditure	675,466	(82,334)	37,978	631,110	52,546	683,656
Surplus or Deficit	71,173	80,559	46,827	198,559	(195,417)	3,142

2013/14	Service Analysis	Amounts included in the Service Analysis not included in net cost of service	Amounts not included in the Service Analysis included in net cost of service	CIES - Net Cost of Services	Other Expenditure, Taxation & Income	Total
	£000	£000	£000	£000	£000	£000
Fees, Charges & Other Service Income	(164,249)	-	(6,216)	(170,465)	-	(170,465)
Interest & Investment Income	(331)	331	-	-	(331)	(331)
Income from Council Tax	186	(186)	-	-	(67,248)	(67,248)
Income from NDR	(61,100)	61,100	-	-	(61,138)	(61,138)
Government Grants & Conts	(385,096)	119,583	(11,884)	(277,397)	(160,196)	(437,593)
Total Income	(610,590)	180,828	(18,100)	(447,862)	(288,913)	(736,775)
Employee Expenses	193,300	-	13,557	206,857	-	206,857
Pension Interest Cost	780	(780)	-	-	16,208	16,208
Other Operating Expenses	95,601	(41,266)	12,247	66,582	(488)	66,094
Supplies & Services	101,112	-	(28,432)	72,680	-	72,680
Third Party Payment	158,807	-	(8,729)	150,078	-	150,078
Transfer Payment	99,167	-	-	99,167	-	99,167
Depreciation, Amortisation & Impairment	19,408	1,126	76,063	96,597	1,660	98,257
Interest Payments	14,361	(14,361)	-	-	24,287	24,287
Precepts & Levies	67	(67)	-	-	67	67
Payments to Housing Capital Receipts Pool	1,094	(1,094)	-	-	1,094	1,094
Gain or Loss on Disposal of Fixed Assets	(9,146)	9,146	-	-	152,624	152,624
Total Expenditure	674,551	(47,296)	64,706	691,961	195,452	887,413
Surplus or Deficit	63,961	133,532	46,606	244,099	(93,461)	150,638

12.02c Exceptional Items in Net Cost of Services

Infrastructure Impairment

Highways and Transport Services costs includes a valuation impairment charge principally in respect of the change in valuation for the central bus station to a depreciated replacement cost value based on an assumed national rate of construction for a standard bus station. A further valuation is planned in 2015/16 based on income levels which is expected to result in a further amendment to existing valuation .

HRA Reversal of Revaluation Loss

During 2010/11 the Housing Revenue Account (HRA) changed the percentage of the Social Housing discount factor applied to the valuation of housing dwellings from 49% to 34% in line with Government requirements. This resulted in a significant impairment charge to the HRA of £173.2m. Under the Accounting Code of Practice any revaluation gain is first used to reverse a previous revaluation loss, adjusted for depreciation. The net gains in 2014/15 of £28.4m has been applied to reverse part of that previous recognised loss charged to the net cost of service.

12.03 Transfers to/from Earmarked Revenue Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account (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 at 31 March 2013	Transfers From	Transfers To	Balance at 31 March 2014			Balance at 31 March 2014	Transfers From	Transfers To	Balance at 31 March 2015
£000	£000	£000	£000		Notes	£000	£000	£000	£000
General Fund									
7,485	(4,040)	3,044	6,489	School-balances		6,489	(2,465)	1,669	5,693
9,427	(4,955)	4,994	9,466	Schools - DSG Reserve	12.11b	9,466	(5,733)	12,115	15,848
27,276	(1,204)	908	26,980	Education PFI		26,980	(1,017)	1,098	27,061
8,005	-	239	8,244	Street Lighting PFI		8,244	-	33	8,277
892	-	133	1,025	Extra Care PFI Reserve		1,025	-	-	1,025
6,723	(1,122)	2,221	7,822	Insurance - Self Funding		7,822	(4,257)	2,611	6,176
2,630	(211)	131	2,550	Legal Reserve		2,550	(27)	-	2,523
-	-	2,904	2,904	Public Health Reserve		2,904	-	1,445	4,349
1,779	(1,779)	1,758	1,758	Redundancy Reserve		1,758	(1,758)	3,827	3,827
473	(473)	544	544	Actuarial Strain Reserve		544	(544)	942	942
1,309	-	124	1,433	Joint Venture Pension Reserve		1,433	-	123	1,556
9,637	(2,704)	2,883	9,816	Grants, Contributions and Donations Received Unapplied		9,816	(3,168)	2,776	9,424
-	(320)	2,000	1,680	"What Matters" Reserve		1,680	(477)	-	1,203
-	-	-	-	"Our Work Your City" Reserve		-	-	1,526	1,526
-	-	-	-	Early Achievement of 2015/16		-	-	-	-
-	-	-	-	Transformation Savings-Tranche 1		-	-	1,469	1,469
-	-	-	-	Phased Implementation of People & Place Transformation-Tranche 2		-	-	3,390	3,390
5,048	(2,000)	3,000	6,048	Change Transformation Reserve		6,048	(484)	-	5,564
5,000	-	2,000	7,000	Invest to Save Reserve		7,000	(56)	93	7,037
-	-	6,000	6,000	Revenue Support Future Capital		6,000	(5,855)	-	145
-	-	-	-	Policy Priorities Reserve		-	-	2,800	2,800
500	-	1,000	1,500	PFI Risk Reserve		1,500	-	-	1,500
1,284	-	-	1,284	External Funding Risk Reserve		1,284	-	-	1,284
700	-	-	700	System Migration Risk Reserve		700	-	-	700
-	-	1,421	1,421	Business Development Reserve		1,421	(451)	-	970
6,025	(2,167)	1,116	4,974	Other Earmarked Reserves		4,974	(758)	3,027	7,243
94,193	(20,975)	36,420	109,638	Total General Fund	5	109,638	(27,050)	38,944	121,532
		15,445		Net Movement of General Fund Earmarked Reserves				11,894	
HRA									
9,376	-	10,038	19,414	Housing Capital Reserve - to meet items of future capital expenditure		19,414	(8,855)	9,216	19,775
684	-	-	684	HRA Equipment		684	-	-	684
10,060	-	10,038	20,098	Total HRA	5	20,098	(8,855)	9,216	20,459
		10,038		Net Movement of HRA Earmarked Reserves	14			361	
104,253	(20,975)	46,458	129,736	Total Earmarked Reserves		129,736	(35,905)	48,160	141,991

12.04 Usable Reserves

A summary of the purpose and balance of usable reserves can be found in the Glossary (section 19)

12.04a Usable Capital Receipts Reserve

31 March 2014			31 March 2015
£000		Note	£000
9,908	Amounts receivable in year	12.01	7,548
232	Amount receivable from long term debtors	12.01	262
(38)	Disposal Costs	12.01	(19)
(1,096)	Capital receipts pooling payment to DCLG	12.01	(1,646)
-	Amount voluntary set aside to pay off debt	12.01	-
(9,395)	Amounts applied to finance new capital investment in year	12.07b	(3,661)
(389)	Total increase/(decrease) in reserve during year		2,484
5,569	Balance brought forward at 1 April		5,180
5,180	Balance carried forward at 31 March		7,664

12.04b Capital Grants Unapplied Reserve

31 March 2014			31 March 2015
£000		Note	£000
4,330	Capital grants received which have not been applied	12.01	4,110
(5,646)	Applied during the year transferred to capital adjustment acc	12.05a	(7,106)
89	Transfer between capital and revenue reserve	6	4
(1,227)	Total increase/(decrease) in reserve during year		(2,992)
16,046	Balance brought forward at 1 April		14,819
14,819	Balance carried forward at 31 March		11,827

12.05 Unusable Reserves

Unusable reserves are unrealised gains and losses and adjustment accounts that absorb the difference between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure.

12.05a Capital Adjustment Account

31 March 2014 £000			Note	31 March 2015 £000
501,034		Balance at 1st April		345,455
(53,937)		Charges for depreciation & impairment of non current assets	12.01	(17,372)
(38,047)		Revaluation movement on property, plant & equipment & non current assets held for sale	12.01	(13,743)
(1,731)		Amortisation of intangible assets	12.01	(1,465)
(1,104)		Revenue expenditure funded from capital under statute	12.01	(8,364)
(15,324)		Amounts of non-current assets written off on disposal or sale as part of gain /loss on disposal	12.01	(7,159)
(144,558)		Amounts of non-current assets written off on derecognition as part of gain/loss on derecognition	12.01	(8,259)
(1,660)		Movement in market value of investment properties	12.06f	-
(256,361)				(56,362)
11,455		Adjusting amounts written out of Revaluation Reserve	12.05b	3,407
(244,906)		Net Written out amount of the cost of non-current assets consumed in the year		(52,955)
		Capital Financing applied in the year:		
9,395		Use of Capital Receipts reserve to finance new capital	12.04a	3,661
10,577		Use of Major Repairs reserve to finance new capital	15.03	9,500
1,120		Use of Major Repairs reserve to finance voluntary repayment of debt	15.03	-
1,074		HRA repayment of debt	12.01	960
39,777		Capital grants and contributions credited to the CIES applied to capital financing	12.01	12,729
5,646		Applications of grants to capital financing from capital grants unapplied account	12.04b	7,106
19,001		Statutory provision for the financing of capital investment charged against general fund and HRA balances		19,965
571		Service concession deferred income write back	12.01	570
2,164		Capital expenditure charged against the General Fund & HRA	12.01	5,815
89,325				60,306
2		Opening balance adjustments		-
2		Other adjustments		-
345,455		Balance at 31 March		352,806

12.05b Revaluation Reserve

The Revaluation Reserve contains the unrealised gains made by the Authority arising from changes 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.

31 March 2014			31 March 2015
Restated			
£000		Note	£000
140,989	Balance at 1st April		128,912
27,761	Upward revaluation of assets	12.06f	24,299
(28,383)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	12.06f	(16,962)
(622)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		7,337
(3,203)	Difference between fair value depreciation and historical cost depreciation		(2,895)
(8,252)	Accumulated gains on assets sold or scrapped		(512)
(11,455)	Amount written off to the Capital Adjustment Account	12.05a	(3,407)
128,912	Balance at 31 March		132,842

12.05c 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. 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.

31 March 2014			31 March 2015
£000		Note	£000
(364,714)	Balance at 1st April		(434,687)
(59,886)	Remeasurements of the net defined benefit liability/(asset)	12.14c	(75,633)
(33,288)	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	12.14c	(44,524)
23,201	Employer's pensions contributions and direct payments to pensioners payable in the year	12.14c	24,051
(434,687)	Balance at 31 March		(530,793)

12.05d Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The difference between effective interest credited or charged to the Comprehensive Income and Expenditure Statement per accounting requirements and the actual interest received or paid per statutory requirements is managed as a transfer to/from the FIAA.

The Authority uses the Account to manage discount received on the early redemption of a number loans. Discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the Housing Revenue Account to the Account in the Movement in Reserves Statement. Over time, the income (£14,009 in 2014/15) is posted back to the Housing Revenue Account in accordance with statutory arrangements. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2015 will be paid to the Housing Revenue Account until 2016/17.

The Authority also has an adjustment for the effective interest rates relating to the Kickstart loans. This is purely an accounting entry to write back the full amount of the loans to the balance sheet when they mature. £135,940 was credited to CIES in 2014/15. A net movement on the account of £121,931.

31 March 2014 £000		Note	31 March 2015 £000
(4,757)	Balance at 1st April		(4,663)
(33)	Proportion of discounts received in previous financial years to be transferred to the HRA in accordance with statutory requirements		(14)
127	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		136
(4,663)	Balance at 31 March		(4,541)

12.05e Deferred Capital Receipts Reserve

The Deferred Capital Receipt Reserve holds gains recognised but for which the cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as useable capital receipts until the cash settlement is due. When the deferred cash settlement becomes due, amounts are transferred to the Useable Capital Receipts Reserve.

The Balance in this account is represented by the following deferred receipts: The future receipts due on the Kickstart home improvement loans, the future PFI Unitary payments due from Academy schools on long term lease arrangements, and other sundry disposals of Non Current Assets for which the cash settlement is not yet due.

31 March 2014 £000		Note	31 March 2015 £000
9,052	Balance at 1st April		6,168
	Transfers to Useable Capital Receipts Reserve upon receipt of cash		
(232)	Repayment of long term debtors	12.16a	(262)
(62)	Deferred sale proceeds on non-current assets now realised		(63)
	Unrealised Capital Receipts removed from Deferred Capital Receipts		
(2,260)	Academy schools future unitary payments		-
	New Deferred Receipts:		
-	Cluster Loans	12.16a	982
-	Kickstart Loan	12.16a	5
(330)	Deferred sale proceeds on non-current assets		33
6,168	Balance at 31 March		6,863

12.05f Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

31 March 2014 £000		Note	31 March 2015 £000
-	Balance at 1st April		-
-	Upward revaluation of investments		5,316
-	Balance at 31st March		5,316

In 2014/15 the council revalued its shareholding in Stoke-on-Trent Regeneration Limited and Kier Stoke Limited which resulted in an increase in value from £0.019m to £5.335m. The increase of £5.316m is shown in the Available for Sale Financial Instruments reserve, the original investment of £0.019m forms part of the Capital Adjustment Account balance.

12.06 Assets

12.06a Property, Plant & Equipment

Movement on Balance 2014/15	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment	PFI Assets included in Property, Plant & Equipment ¹
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
Balance at 1 April	416,362	365,960	56,215	194,617	32,831	67,795	38,147	1,171,927	186,004
Additions	10,961	8,481	6,481	14,280	123	1,177	33,472	74,975	7,550
Donations	-	-	-	-	-	-	-	-	-
<i>Revaluation increases/(decreases) recognised in the:</i>									
Revaluation Reserve	-	(1,619)	-	-	(11)	(1,959)	-	(3,589)	1,018
Surplus/Deficit on the Provision of Services	(38,864)	(26,120)	-	-	(43)	(29,194)	-	(94,221)	(9,251)
<i>Derecognition</i>									
Non-schools	-	(647)	(8,054)	(4,995)	(90)	(7,805)	-	(21,591)	-
School transfers	-	(5,688)	(555)	-	-	-	-	(6,243)	(4,586)
Reclassifications - other	(109)	(5,971)	657	4,178	(878)	11,584	(9,489)	(28)	493
Assets reclassified (to)/from Held for Sale	(2,797)	(468)	-	-	-	(52)	-	(3,317)	(45)
Other	-	-	-	-	-	-	-	-	-
Balance at 31 March	385,553	333,928	54,744	208,080	31,932	41,546	62,130	1,117,913	181,183
Accumulated Depreciation and Impairment									
Balance at 1 April	(59,480)	(20,919)	(27,596)	(45,078)	(529)	(32,767)	(11,792)	(198,161)	(19,233)
Depreciation Charge in year	(8,160)	(11,088)	(4,417)	(5,667)	-	(532)	-	(29,864)	(4,585)
<i>Depreciation written out to the:</i>									
Revaluation Reserve	-	7,609	-	-	-	1,673	-	9,282	238
Surplus/Deficit on the Provision of Services	51,372	2,787	-	-	-	26,321	-	80,480	1,020
<i>Impairment losses/(reversals) recognised in the:</i>									
Revaluation Reserve	-	(190)	-	-	(9)	(23)	-	(222)	(121)
Surplus/Deficit on the Provision of Services	15,922	(1,163)	(186)	(1,231)	(21)	(542)	-	12,779	(500)
<i>Derecognition</i>									
Non-schools	-	607	7,613	2,103	-	6,034	-	16,357	-
School transfers	-	659	108	-	-	-	-	767	659
Reclassifications - other	2	5,939	(11)	(33)	115	(7,759)	1,745	(2)	7,687
Assets reclassified (to)/from Held for Sale	(40)	(92)	-	-	-	(950)	-	(1,082)	-
Other	-	-	-	-	-	-	-	-	-
Balance at 31 March	(384)	(15,851)	(24,489)	(49,906)	(444)	(8,545)	(10,047)	(109,666)	(14,835)
Net Book Value									
At 31 March 2015	385,169	318,077	30,255	158,174	31,488	33,001	52,083	1,008,247	166,348
At 31 March 2014	356,882	345,041	28,619	149,539	32,302	35,028	26,355	973,766	166,771

¹The memorandum column in respect of the non-current asset value that relates to PFI schools includes all additions incurred for that school. In previous years expenditure incurred by the school through, for example, use of devolved formula capital grant has not been included in the memorandum column.

Restated Movement on Balance 2013/14	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment	Pfi Assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									Restated
Balance at 1 April	408,624	427,534	54,369	190,572	35,143	86,791	128,062	1,331,095	216,767
Additions	10,553	13,125	12,299	7,603	59	2,954	46,541	93,134	9,416
Donations	-	-	-	-	-	140	-	140	-
<i>Revaluation increases/(decreases) recognised in the:</i>									
Revaluation Reserve	-	(10,310)	36	-	-	(672)	33	(10,913)	5,617
Surplus/Deficit on the Provision of Services	-	(53,133)	-	-	-	(7,791)	(1,722)	(62,646)	(33,376)
<i>Derecognition</i>									
Non-schools	-	(2,385)	(3,258)	(4,022)	-	(11,719)	-	(21,384)	(747)
School transfers	-	(104,107)	(9,708)	(271)	-	-	(36,730)	(150,816)	(34,552)
Reclassifications - other	8	96,772	2,477	735	(2,371)	(134)	(98,037)	(550)	23,029
Assets reclassified (to)/from Held for Sale	(2,823)	(1,536)	-	-	-	(1,774)	-	(6,133)	(150)
Other	-	-	-	-	-	-	-	-	-
Balance at 31 March	416,362	365,960	56,215	194,617	32,831	67,795	38,147	1,171,927	186,004
Accumulated Depreciation and Impairment									
Balance at 1 April	(41,624)	(47,340)	(25,782)	(39,934)	(442)	(40,541)	(1,837)	(197,500)	(37,148)
Depreciation Charge in year	(8,196)	(16,121)	(4,602)	(5,496)	-	(448)	-	(34,863)	(7,703)
<i>Depreciation written out to the:</i>									
Revaluation Reserve	-	12,363	44	-	-	634	-	13,041	2,237
Surplus/Deficit on the Provision of Services	-	23,165	-	-	-	1,499	-	24,664	16,824
<i>Impairment losses/(reversals) recognised in the:</i>									
Revaluation Reserve	-	(750)	-	-	-	(135)	(2,094)	(2,979)	(66)
Surplus/Deficit on the Provision of Services	(10,037)	441	(310)	(908)	(19)	(612)	(7,987)	(19,432)	(42)
<i>Derecognition</i>									
Non-schools	-	1,333	2,759	1,256	-	6,683	-	12,031	744
School transfers	-	5,918	372	4	-	-	-	6,294	5,899
Reclassifications - other	-	50	(77)	-	(68)	153	126	184	-
Assets reclassified (to)/from Held for Sale	377	22	-	-	-	-	-	399	22
Other	-	-	-	-	-	-	-	-	-
Balance at 31 March	(59,480)	(20,919)	(27,596)	(45,078)	(529)	(32,767)	(11,792)	(198,161)	(19,233)
Net Book Value									
At 31 March 2014	356,882	345,041	28,619	149,539	32,302	35,028	26,355	973,766	166,771
At 31 March 2013	367,000	380,194	28,587	150,638	34,701	46,250	126,225	1,133,595	179,619

Also see supplementary disclosure " Consolidated Managed Assets" note at 12.06f

In order to comply with IAS 16 non-current assets, asset groups have been created to ensure that revaluations of each group are made with sufficient regularity so that the carrying amount does not differ materially from that which would have been determined at the end of the reporting period. The items within each group are revalued within a short period to avoid selective revaluation of assets and consequent mixture of values at different dates. The groups of assets are detailed below with their opening and closing balances, the movement in year is consolidated and shown in note 12.06a.

Analysis of PPE - Other Land and Buildings by Sub Class

	Net Book Value as at 31/03/14	Net Book Value as at 31/03/15
	£000	£000
Administrative Buildings	38,604	25,071
Bus Station	15,149	6,116
Civic Amenity Sites	19,830	19,586
Car Parks	13,802	14,590
Cemeteries & Crematorium	1,766	1,731
Childrens Centres	6,226	5,990
Community	3,405	3,172
Coroners & Mortuary	607	588
Depots	660	1,494
Economic Development	12,352	12,680
Garages	3,242	2,565
Libraries & Museums	14,089	17,476
Local Centres	1,847	1,602
Markets	9,296	9,187
Miscellaneous	610	880
Other Educational Facilities	13,810	10,711
Public Conveniences	1,191	1,173
Recreation Facilities	33,893	40,395
Schools	118,971	114,025
Shops	2,599	2,279
Social Care Facilities	12,495	9,943
Theatre	19,073	15,346
Travellers Site	505	498
Youth Services	1,019	979
Total	345,041	318,077

Surplus Assets

Surplus Assets are properties that do not directly support the provisions of services. Within this category are a mixture of assets that are earmarked for strategic regeneration or are held for indeterminate use.

Analysis of Surplus Asset by type

31 March 2014 £000		Note	31 March 2014 £000
17,790	Strategic regeneration sites		10,176
6,669	Cleared land not currently qualifying as held for sale		5,672
8,390	Vacant Premises		16,504
2,179	Other surplus assets		649
35,028	Balance at 31 March		33,001

Revaluation of Property, Plant & Equipment

The Authority carries out a revaluation programme that ensures all items of Property, Plant and Equipment are revalued at least every 5 years. Where any assets incur a significant level of capital enhancement or where the construction of an asset is completed within the reporting period, these assets are revalued. The effective revaluation date is 31st March.

As from 1 April 2010, the Authority adopted a policy to separately identify and revalue, on a rolling programme basis, buildings whose individual value was greater than £1m. The building value was to be sub-divided into significant components, where a component was deemed to have a different Remaining Useful Life (RUL). During the reporting period, 16 properties were identified as requiring componentisation as at 31 March 2015. The effect of this componentisation will be realised in the carrying value of those assets as from 1 April 2015 and for the estimated RUL of each component.

All formal valuations for the reporting period to 31 March 2015 were completed by external valuers in accordance with the professional standards of the Royal Institute of Chartered Surveyors (RICS) with due regard to IFRS requirements for asset classification and measurement bases.

Operational housing property subject to secure tenancy should be valued on the basis of Existing Use Value for Social Housing (EUV-SH) as defined by the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

To date EUV-SH has been based on the vacant possession value of the properties, adjusted to reflect the continuing occupation by a secure tenant (**Vacant Possession adjustment factor**) (The Beacon approach). EUV-SH thus reflects a valuation for a property if it were sold with sitting tenants paying rents at less than market value and tenants' rights including RTB. For 2014/15 there has been no change to this factor.

Buildings and Land used in the delivery of services are carried at a fair value in relation to their Existing Use Value (EUV) based on the services provided to the Council. Properties for which there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, have had their fair value estimated on a Depreciated Replacement Cost (DRC) basis.

For individual buildings that are revalued to a fair value that is greater than £1m, the building valuation is analysed into significant components and each component's Remaining Useful Life (RUL) is measured to ensure that the carrying value of the asset reflects the economic consumption of the asset's use.

Surplus Assets are properties that are surplus to service needs but do not fully meet the IFRS criteria for Investments or Held for Sale assets. Surplus Assets are carried at a fair value representative of their previous operational use or a Market Value (MV) where previous use cannot be measured. Properties acquired under regeneration programmes (Renew) are carried at an impaired cost of acquiring the property until they are demolished, at which point they are revalued to a fair value (MV) of the land pertaining to the appropriate regeneration area.

Items of Vehicles, Plant, Furniture & Equipment are generally carried at the historic cost of acquiring the asset less accumulated depreciation based on the original estimated useful life of the asset.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Total
	£000	£000	£000	£000	£000
Carried at Historical Cost	-	3,287	29,782	211	33,280
Valued at Fair Value as at:					
31/03/2015	385,169	92,639	-	10,174	487,982
31/03/2014	-	190,332	-	14,671	205,003
31/03/2013	-	6,379	-	1,873	8,252
31/03/2012	-	25,223	-	5,874	31,097
31/03/2011	-	217	473	198	888
Total	385,169	318,077	30,255	33,001	766,502

12.06b Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets held by the Authority

	Buildings	Collections	Statuary and Horological	Spitfire Aircraft	Total Assets
	£000	£000	£000	£000	£000
At 1 April 2014	2,521	60,643	852	750	64,766
Additions	-	-	-	-	-
<i>Revaluation increases/(decreases) recognised in the:</i>					-
Revaluation Reserve	1,866	-	-	-	1,866
Surplus/Deficit on the Provision of Services	-	-	-	-	-
<i>Impairment losses recognised in the:</i>					-
Revaluation Reserve	-	-	-	-	-
Surplus/Deficit on the Provision of Services	-	-	-	-	-
Reclassification	-	-	-	-	-
Depreciation Charge	(130)	-	-	-	(130)
At 31 March 2015	4,257	60,643	852	750	66,502
At 1 April 2013	2,494	60,643	416	750	64,303
Additions	5	-	70	-	75
<i>Revaluation increases/(decreases) recognised in the:</i>					-
Revaluation Reserve	230	-	-	-	230
Surplus/Deficit on the Provision of Services	(64)	-	-	-	(64)
<i>Impairment losses recognised in the:</i>					-
Revaluation Reserve	-	-	-	-	-
Surplus/Deficit on the Provision of Services	(3)	-	-	-	(3)
Reclassification	-	-	366	-	366
Depreciation Charge	(141)	-	-	-	(141)
At 31 March 2014	2,521	60,643	852	750	64,766

The City Council's Heritage Assets are at various locations throughout the City but principally at the four main museums.

12.06c Shared Assets

The Staffordshire Hoard is owned and cared for jointly by Stoke-on-Trent City Council and Birmingham City Council on behalf of the nation. The Hoard was acquired by both Councils for the value of £3.285m, 50% of the value is now included in Heritage Assets on the balance sheet of the City Council at a value of £1.642m.

12.06d Impairment and Depreciation

- During the reporting period a number of schools have changed status through either applying to, or being directed to, convert to Academy status. This action has required the Local Authority to impair the value of several assets within the Property, Plant & Equipment classification totalling £9.717m, and an impairment of £0.250m in respect of 2014/15 capital expenditure. There was also a reversal of previous impairments totalling £10.694m in respect of schools that have had their approval to convert withdrawn during the year. Additionally, a net credit of £0.010m in respect of Intangible Asset balances was also applied to the General Fund Net Cost of Service. The net position of all Academy Impairments and Impairment Reversals is a £1.475m credit to the General Fund Net Cost of Services, and a charge of £0.738m to the Revaluation Reserve.
- The Authority recognised further impairment losses totalling £1.705m of which £1.541m was charged to the General Fund Net Cost of Service, and £0.164m against the HRA. These impairment losses related to domestic and commercial properties acquired through regeneration programmes, where the properties suffer disconnection of services and removal of fixtures, and subsequent demolition of the building. Also recognised here are demolitions of other properties. There was a reversal of impairment losses in respect of the revaluation of HRA dwellings of £16.086m. These properties are classified in Property, Plant and Equipment.

Depreciation and Impairment of Non-Current Assets

The amounts below represents the impairments and depreciation charges to services in the net cost of services

		Amortisation	Depreciation	Impairment
	Note	£000	£000	£000
Property, Plant & Equipment	12.06a	-	(29,864)	12,779
Intangible Assets		(1,464)	-	(156)
Intangible Assets - Academy Schools		-	-	-
Non Current Assets Held for Sale		-	-	-
Investment Properties		-	-	-
Heritage Assets	12.06b	-	(130)	-
Total Depreciation and Impairment charged to Services		(1,464)	(29,994)	12,623

12.06e Maintained Schools

The Council has the following maintained schools

	Community	Voluntary Controlled	Voluntary Aided	Foundation
Number of schools subject to PFI contracts	46	4	5	4
Value of land and buildings at 31st March 2015	£77m	£6m	£8m	£21m

The treatment of land and buildings is based on the legal framework underlying each type of school. The Council controls the management and running of community and voluntary controlled schools. The land and buildings of voluntary aided and foundation schools are owned by the trustees of the schools or the foundation body. However, as all schools are part of the PFI contract, the buildings are all retained on the Council's Balance Sheet. Land assets relating to Foundation schools are written out once the legal agreement has been entered into.

Capital expenditure on community and voluntary controlled schools is added to the balances for those schools as reported in Property, Plant and Equipment.

Capital expenditure on voluntary aided schools is treated as "REFCUS" (Revenue from Capital Under Statute) expenditure and written off each year to the Comprehensive Income and Expenditure Statement within Education and Children's services.

Dedicated Schools Grant (DSG) is credited to the Comprehensive Income and Expenditure Statement within Net Cost of Service, based on amounts due from the Department for Education for 2014/15.

The DSG is allocated between central Council Budget and budgets allocated to individual schools (delegated school budgets). Expenditure from central Council budgets and delegated schools budgets is charged to the Comprehensive Income and Expenditure Statement under Education and Children's services.

Individual schools' balances at 31st March 2015 are included in the Balance Sheet of the Council under the heading Earmarked Reserves - General Fund.

PFI Schemes

All maintained schools are subject to PFI contracts. All schools buildings are shown on the Council's Balance Sheet with the related liability. The PFI liabilities in respect of all PFI schools remains on the Council's Balance Sheet as the Council is the party to the contract with the PFI Operator.

The PFI liability is retained on the Council's Balance Sheet and the income from the Academy school is recognised to reduce the overall charge in the year.

12.06f Consolidated Managed Assets Note

This note is not a requirement of the Accounting Standards but is provided as additional explanation of the changes to asset carrying values during the year. The consolidated asset note provides details of the elements of changes to asset classes as result of investment, depreciation and revaluation and the effect their effect on the surplus/deficit on the provision of services and unusable reserves. The note also links to the amounts shown in other notes to the accounts and the movement on balances (note 12.06a).

Movement in Balances in 2014/15		Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	Heritage Assets	Intangible Assets	Assets Held for Sale	Investment Property
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation balance b/f		416,362	365,960	56,215	194,617	32,831	67,795	38,147	1,171,927	65,284	11,106	3,986	7,896
Accumulated Depreciation and Impairment balance b/f		(59,480)	(20,919)	(27,596)	(45,078)	(529)	(32,767)	(11,792)	(198,161)	(518)	(7,822)	(1,117)	(23)
Net Book Value b/f		356,882	345,041	28,619	149,539	32,302	35,028	26,355	973,766	64,766	3,284	2,869	7,873
In year transactions which add to the asset value													
Additions/ Enhancements through Capital Expenditure	12.07b	10,961	8,481	6,481	14,280	123	1,177	33,491	74,994	-	1,334	7	-
Abortive Costs write off	12.07b	-	-	-	-	-	-	(19)	(19)	-	-	-	-
Donations		-	-	-	-	-	-	-	-	-	-	-	-
In year transactions which change assets value as a result of formal revaluation													
Upward revaluations recognised in the Revaluation Reserve	12.05b	-	21,548	-	-	-	885	-	22,433	1,866	-	-	-
Downward revaluations recognised in the Revaluation Reserve	12.05b	-	(15,558)	-	-	(11)	(1,171)	-	(16,740)	-	-	-	-
Upward revaluations recognised in the Surplus/ Deficit on the Provision of Services	12.01	51,826	5,641	-	-	-	639	-	58,106	-	-	-	-
Downward revaluations recognised in the Surplus/ Deficit on the Provision of Services	12.01	(23,233)	(28,974)	-	-	(43)	(3,512)	-	(55,762)	-	-	-	-
Movement in Market Value of Investment Property - Gains	12.01	-	-	-	-	-	-	-	-	-	-	-	-
Movement in Market Value of Investment Property - Loss	12.01	-	-	-	-	-	-	-	-	-	-	-	-

		Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	Heritage Assets	Intangible Assets	Assets Held for Sale	Investment Property
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
In year transactions which reduce the assets value due to service usage (or loss thereof)													
Depreciation Charge in Year	12.01	(8,160)	(11,088)	(4,417)	(5,667)	-	(532)	-	(29,864)	(130)	-	-	-
Amortisation Charge in Year	12.01	-	-	-	-	-	-	-	-	-	(1,464)	-	-
<i>Impairment recoverable from previous upward revaluations charged to the Revaluation Reserve</i>													
Capital spend which has been deemed not to add an equivalent value	12.05b	-	(173)	-	-	(9)	(23)	-	(205)	-	-	-	-
Loss in Value due to demolitions, ste aggregation, etc	12.05b	-	(17)	-	-	-	-	-	(17)	-	-	-	-
Loss of service use due to school applying for Academy status	12.05b	-	-	-	-	-	-	-	-	-	-	-	-
<i>Impairment requiring an additional charge to the Net Cost of Service</i>													
Capital spend which has been deemed not to add an equivalent value	12.01	-	(307)	(186)	(661)	(22)	(119)	-	(1,295)	-	(156)	-	-
Loss in Value due to demolitions, ste aggregation, etc	12.01	(164)	(856)	-	(570)	-	(423)	-	(2,013)	-	-	-	-
Loss of service use due to school applying for Academy status	12.01	-	-	-	-	-	-	-	-	-	-	-	-
In year transactions which reduce the assets value due to write off, transfer of ownership, closure of service or long term lease													
Disposal of assets in Renewal Areas	12.01	-	-	-	-	-	(1,633)	-	(1,633)	-	-	(742)	-
Other Sales (Incl RTBs)	12.01	-	-	(8)	(1)	(90)	(27)	-	(126)	-	-	(3,941)	-
Community Assets Transfers	12.01	-	-	-	-	-	-	-	-	-	-	-	-
Other disposal transactions	12.01	-	-	(433)	-	-	(112)	-	(545)	-	-	-	-
Transfers to Academies	12.01	-	(4,918)	(447)	-	-	-	-	(5,365)	-	(3)	-	-
Derecognition due to asset replacement/write off	12.01	-	(151)	-	(2,891)	-	-	-	(3,042)	-	(24)	-	-
Assets transferred to/from other categories in year													
Reclassifications within PPE		(106)	(7)	646	4,145	(762)	3,826	(7,742)	-	-	-	-	-
Reclassifications from IP		-	(25)	-	-	-	-	-	(25)	-	-	-	25
Reclassifications to Intangible Assets		-	-	-	-	-	-	(2)	(2)	-	2	-	-
Assets moved to Held for Sale		(3,172)	(777)	-	-	-	(1,058)	-	(5,007)	-	-	5,007	-
Assets moved from Held for Sale		334	217	-	-	-	56	-	607	-	-	(607)	-
Cost or Valuation balance c/f		385,553	333,928	54,744	208,080	31,932	41,546	62,130	1,117,913	66,717	12,314	2,609	7,922
Accumulated Depreciation and Impairment balance c/f		(384)	(15,851)	(24,489)	(49,906)	(444)	(8,545)	(10,047)	(109,666)	(215)	(9,342)	(17)	(23)
Net Book Value c/f		385,169	318,077	30,255	158,174	31,488	33,001	52,083	1,008,247	66,502	2,972	2,592	7,899

Restated Movement in Balances in 2013/14		Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	Heritage Assets	Intangible Assets	Assets Held for Sale	Investment Property
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation balance b/f		408,624	427,534	54,369	190,572	35,143	86,791	128,062	1,331,095	64,740	10,544	4,183	9,596
Accumulated Depreciation and Impairment balance b/f		(41,624)	(47,340)	(25,782)	(39,934)	(442)	(40,541)	(1,837)	(197,500)	(437)	(6,308)	(1,082)	(61)
Net Book Value b/f		367,000	380,194	28,587	150,638	34,701	46,250	126,225	1,133,595	64,303	4,236	3,101	9,535
In year transactions which add to the asset value													
Additions/ Enhancements through Capital Expenditure	12.07b	10,553	13,125	12,299	7,603	59	2,954	46,541	93,134	75	877	9	-
Abortive Costs write off	12.07b	-	-	-	-	-	-	-	-	-	-	-	-
Donations		-	-	-	-	-	140	-	140	-	-	-	-
In year transactions which change assets value as a result of formal revaluation													
Upward revaluations recognised in the Revaluation Reserve	12.05b	-	26,055	81	-	-	1,124	33	27,293	469	-	-	-
Downward revaluations recognised in the Revaluation Reserve	12.05b	-	(24,002)	-	-	-	(1,161)	-	(25,163)	(239)	-	-	-
Upward revaluations recognised in the Surplus/ Deficit on the Provision of Services	12.01	-	15,413	-	-	-	1,122	-	16,535	93	-	-	-
Downward revaluations recognised in the Surplus/ Deficit on the Provision of Services	12.01	-	(45,381)	-	-	-	(7,414)	(1,722)	(54,517)	(157)	-	-	-
Movement in Market Value of Investment Property - Gains	12.01	-	-	-	-	-	-	-	-	-	-	-	36
Movement in Market Value of Investment Property - Loss	12.01	-	-	-	-	-	-	-	-	-	-	-	(1,696)

		Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	Heritage Assets	Intangible Assets	Assets Held for Sale	Investment Property
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
In year transactions which reduce the assets value due to service usage (or loss thereof)													
Depreciation Charge in Year	12.01	(8,196)	(16,121)	(4,602)	(5,496)	-	(448)	-	(34,863)	(141)	-	-	-
Amortisation Charge in Year	12.01	-	-	-	-	-	-	-	-	-	(1,731)	-	-
<i>Impairment recoverable from previous upward revaluations charged to the Revaluation Reserve</i>													
Capital spend which has been deemed not to add an equivalent value	12.05b	-	(166)	-	-	-	(13)	-	(179)	-	-	-	-
Loss in Value due to demolitions, ste aggregation, etc	12.05b	-	(585)	-	-	-	(123)	(2,094)	(2,802)	-	-	-	-
Loss of service use due to school applying for Academy status	12.05b	-	(1,174)	-	-	-	-	-	(1,174)	-	-	-	-
<i>Impairment requiring an additional charge to the Net Cost of Service</i>													
Capital spend which has been deemed not to add an equivalent value	12.01	(10,037)	(173)	(310)	(908)	(19)	(204)	-	(11,651)	(3)	(43)	(9)	-
Loss in Value due to demolitions, ste aggregation, etc	12.01	-	614	(2)	-	-	(409)	(7,987)	(7,784)	-	(16)	-	-
Loss of service use due to school applying for Academy status	12.01	-	-	-	-	-	-	-	-	-	-	-	-
In year transactions which reduce the assets value due to write off, transfer of ownership, closure of service or long term lease													
Disposal of assets in Renewal Areas	12.01	-	(20)	-	-	-	(4,827)	-	(4,847)	-	-	(474)	-
Other Sales (Incl RTBs)	12.01	-	(772)	(51)	-	-	-	-	(823)	-	-	(5,494)	-
Community Assets Transfers	12.01	-	(240)	(5)	-	-	-	-	(245)	-	-	-	-
Other disposal transactions	12.01	-	-	(370)	-	-	(140)	-	(510)	-	-	-	-
Transfers to Academies	12.01	-	(98,189)	(9,336)	(267)	-	-	(36,730)	(144,522)	-	(37)	-	-
Derecognition due to asset replacement/write off	12.01	-	(19)	(72)	(2,766)	-	(68)	-	(2,925)	-	(2)	-	-
Assets transferred to/from other categories in year													
Reclassifications within PPE		8	96,822	2,400	735	(2,073)	19	(97,911)	-	-	-	-	-
Reclassifications from IP		-	-	-	-	(366)	-	-	(366)	366	-	-	-
Assets moved to Held for Sale		(2,604)	(1,567)	-	-	-	(1,879)	-	(6,050)	-	-	6,050	-
Assets moved from Held for Sale		158	53	-	-	-	105	-	316	-	-	(316)	-
Cost or Valuation balance c/f		416,362	365,960	56,215	194,617	32,831	67,795	38,147	1,171,927	65,284	11,106	3,986	7,896
Accumulated Depreciation and Impairment balance c/f		(59,480)	(20,919)	(27,596)	(45,078)	(529)	(32,767)	(11,792)	(198,161)	(518)	(7,822)	(1,117)	(23)
Net Book Value c/f		356,882	345,041	28,619	149,539	32,302	35,028	26,355	973,766	64,766	3,284	2,869	7,873

12.07 Capital

12.07a Capital Commitments

At 31 March 2015, the Authority has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2015/16 and future years budgeted to cost £87.4m. Similar commitments at 31 March 2014 were £134m. The Housing Stock Maintenance figure of £83.4m represents the amount of planned capital expenditure to be delivered through the contract over the next 5 years. The major commitments are:

Capital Scheme	£m
Housing Stock Maintenance	83.4
Smithfield (Central Business District)	2.5
BSF Design & Build Contracts	1.5
Capital Scheme	87.4

12.07b 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/PP 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.

31 March 2014			31 March 2015
£000		Note	£000
544,945	Opening Capital Financing Requirement		552,788
(570)	Impairment charge & Revaluation losses for non dwelling HRA assets chargeable to HRA CIES	12.01	-
	Capital Investment		
93,274	Property, Plant & Equipment	12.06a	74,974
75	Heritage Assets	12.06b	-
-	Investment Properties		-
877	Intangible Assets	12.06f	1,334
9	Assets Held for Sale	12.06f	7
5,960	Revenue Expenditure Funded from Capital under Statute	12.05a	8,364
-	Settlement payment to government for HRA self-financing		-
-	Kickstart loans		-
-	Capital Expenditure Reclassified as Revenue		-
	Sources of Finance		
(9,395)	Capital receipts reserve applied to finance capital expenditure	12.04a	(3,661)
(39,777)	Government grants & contributions received in year & applied to fund non current asset expenditure	12.05a	(8,544)
(4,856)	Government grants & contributions received in year & applied to fund REFCUS		(4,185)
(5,647)	Government grants & contributions applied from reserves	12.04b	(7,106)
(10,577)	Use of Major Repairs Reserve	15.03	(9,500)
(2,164)	Direct Revenue Contributions - General Fund	12.05a	(1,575)
-	Contribution from HRA Reserve	12.05a	(4,240)
(17,172)	Minimum Revenue Provision	12.07c	(18,056)
-	Amount voluntarily set aside to pay off debt	12.07c	(80)
(2,194)	HRA repayment of debt (principal & leasing)	12.07c	(960)
552,788	Closing Capital Financing Requirement		579,560
26,803	Increase in underlying need to borrow (unsupported by government financial assistance)		43,433
(17,172)	Decrease in underlying need to borrow (MRP and Voluntary Debt)	12.07c	(18,136)
(2,194)	Decrease in underlying need to borrow (HRA Voluntary Debt Repayment)	12.05a	(960)
976	Assets acquired under PFI/PPP Contracts	12.08a	2,435
(570)	Impairment charge & Revaluation losses for non dwelling HRA assets chargeable to HRA CIES		-
7,843	Increase/(decrease) in Capital Financing Requirement		26,772

12.07c Minimum Revenue Provision

There is a statutory requirement for the Local Authority to set aside sums from its General Fund Account in the form of a minimum revenue provision. The requirement to set aside in respect of the Housing Revenue Account was abolished with effect from 1 April 2004. The sum is based on a combination of either a percentage (4%) of the Authority's capital financing requirement at the end of the previous financial year or a proportion of an assets value based on asset life.

For loans held under finance leases, an additional amount is set aside, based on the capital repayment value of the lease and is charged over the life of the primary lease agreement. MRP is also charged against Private Finance Initiatives (and has been since 2009/10). The charges for this are reflected in the table below.

The minimum revenue provision and voluntary repayment of debt provision for 2014/15 is:

31 March 2014 £000			Note	31 March 2015 £000
		Minimum Revenue Provision		
11,438		Other Services		11,655
		Private Finance Initiative		
2,365		• Schools	12.08d	2,864
1,318		• Street Lighting	12.08d	1,181
37		• Bentilee District Centre	12.08d	312
2,014		• Hanford Waste	12.08d	2,123
17,172		Total		18,135

12.08 PFI & Similar Contracts

The Authority makes an agreed payment each year, which is adjusted year by year by inflation, variations to the contract and any compensation for failure to meet agreed performance targets. Payments made to the contractor are described as Unitary Payments, they have been calculated to compensate the contractor for the following:

- Fair Value of service provided to the authority
- Capital expenditure incurred
- Interest payable on capital expenditure yet to be reimbursed
- Contingent rentals
- Payments estimated to fund capital lifecycle replacements (to ensure asset continues to meet standard required over life of contract)

Schools Estate PFI Scheme

2014/15 was the 14th year of a 25 year PFI contract with Transform Schools (Stoke) Limited for rebuilding, maintaining, upgrading and providing services to its schools. Services provided under the contract include utilities (such as electricity, gas and water, sewerage and drainage) window cleaning, legislative safety testing, buildings maintenance and pest control. The scheme is provided under the Private Finance Initiative (PFI) and will benefit from government grants of around £97m over its remaining lifetime.

Legal ownership of the assets involved in the scheme is retained by the City Council throughout the contract period and these assets will be returned to the City Council at nil cost at the end of the contract period. The City Council may terminate the contract with Transform Schools (Stoke) Limited subject to a period of notice and payment of compensation.

Street Lighting PFI Scheme

2014/15 was the 11th year of a 25 year PFI contract with Tay Valley Lighting for prioritised replacement, operation and maintenance of all of the City's street lights, illuminated signs and bollards, giving illumination of designated public areas to contractually specified performance standards. Changes in energy supply costs passed on to the City Council via the contract are subject to separate provisions for market testing. The contract will terminate on 31 August 2028.

Legal ownership of all assets involved in the scheme is retained by the City Council throughout the contract period and these assets will be returned to the City Council at nil cost at the end of the contract period. Unless itself in contractual default, the City Council may terminate the contract at any time, with not less than six and not more than twelve months notice to TVL, subject to payment of compensation.

Bentilee District Centre PFI Scheme

2014/15 was the eighth year of a 25 year PFI contract with Bentilee HUB (Project Company) Limited for the provision and maintenance of a multi-service district centre on the Devonshire Square site in Bentilee. Clinical and community services accessed by the public at the district centre include GP, library, youth and advice services, as well as retail units.

Legal ownership of all assets involved in the scheme is retained by the City Council throughout the contract period and all scheme assets will be passed to the City Council at nil cost at the end of the contract period. The City Council may terminate the contract following the provision of six months notice to BHUB, subject to payment of compensation.

Hanford Waste Scheme

2014/15 was the 20th year of a 25 year contract with Hanford Waste Services Limited for the provision and maintenance of a waste to energy plant, and associated waste disposal site at Hanford. The waste disposal site is used for disposal of waste and its conversion into electricity on behalf of the City Council. Hanford Waste Services accepts delivery from Staffordshire districts and Stoke, disposing of waste in the waste to energy plant and transporting non-incinerated waste to a suitable place of disposal. Payment for these services is based on the quantity of waste delivered to the site, within the standard contractual ranges of 170,000 to 185,000 tonnes, beyond which additional payment is due from the City Council.

Legal ownership of the site is held by the City Council and at the end of the contract period the waste to energy plant will transfer to the City Council at nil cost, with an option to purchase mobile plant and equipment at open market value. Termination in advance of the contract expiry date is available to the City Council, in agreement with Staffordshire County Council, at a refund sum equivalent to the written down value of the waste to energy plant, which is based on a build cost of £38m written down over the 25 years of the contract on a straight line basis. Hanford Waste Services are obliged to ensure that the plant is capable of operating at maximum contractual capacity while meeting all applicable legal standards up to the date of contract termination.

PFI Schemes not yet Operational

Extra Care Housing PFI

The City Council has appointed Sapphire Extra Care Limited to carry out and provide extra care housing. The total payments over the life of the contract are expected to be £125.7m. All facilities are set to become operational by October 2016 with the first of these to be completed by January 2016.

12.08a Assets resulting from PFI arrangements

In accordance with the accounting requirements, all PFI assets are shown on the Council's Balance Sheet.

The following table shows the value of assets recognised under PFI arrangements and analyses the movement in the value of the assets during the year.

	Schools	Street Lighting	Bentilee District Centre	Hanford Waste	Extracare Housing	Total
	£000	£000	£000	£000	£000	£000
Value as at 31 March 2014	166,771	25,989	2,990	17,304	-	213,054
Additions	7,550	-	-	-	-	7,550
Additions through PFI	-	1,864	-	572	-	2,436
Revaluations	(6,975)	-	-	-	-	(6,975)
Reclassifications	8,135	-	-	-	5,351	13,486
De-recognitions	(3,927)	-	-	-	-	(3,927)
Depreciation/Impairment	(5,206)	(825)	(21)	(756)	-	(6,808)
Value as at 31 March 2015	166,348	27,028	2,969	17,120	5,351	218,816

34 of the schools have converted to academy status. It is deemed that such schools bear a significant part of the risks and rewards of ownership of the schools assets and therefore such assets have been derecognised from the Council's Balance Sheet.

As part of the Extracare Housing PFI Scheme, land owned by the City Council is being redeveloped to provide that service. This land has therefore been reclassified during the year.

12.08b Liabilities resulting from PFI arrangements

The following table shows the value of liabilities resulting from PFI arrangements and analyses the movement in the year. The interest shown in the table (£7.533m) has been expensed to the CIES in 2014/15.

	Schools	Street Lighting	Bentilee District Centre	Hanford Waste	Total
	£000	£000	£000	£000	£000
As at 31 March 2014	48,735	12,286	6,332	10,695	78,048
New loans raised	-	1,864	-	572	2,436
Interest added	4,650	1,312	911	660	7,533
Repayment of interest and liability	(7,514)	(2,749)	(1,223)	(2,784)	(14,270)
As at 31 March 2015	45,871	12,713	6,020	9,143	73,747

of which Short Term (note 12.09a)

5,725

Long Term (note 12.09a)

68,022

73,747

The amount included on the Balance Sheet as other long term liabilities do not include any future capital replacement costs as such liabilities are only recognised as the capital replacement expenditure is incurred.

The element of the outstanding liability that is due to be paid within the next 12 months (see note 12.08c below) is shown within "Short Term Creditors"; the remainder forms part of the balance of "Other Long Term Liabilities".

The PFI liabilities in respect of all PFI schools remain on the Council's balance sheet as the Council is party to the contract with the PFI operator.

12.08c Future Unitary Payments

Total payments remaining to be paid under each PFI or service concession contract at 31st March 2015 (including estimated inflation, contract variations and estimated future capital replacement costs are analysed below in 5 year bandings).

Schools Estate PFI Scheme

Future Unitary Payments	Repayment of Liability	Interest	Service Charge	Lifecycle Costs	Total	Academy Payments	Net
	£000	£000	£000	£000	£000	£000	£000
Within 1 year	3,367	4,391	7,689	4,526	19,973	3,708	16,265
2 - 5 years	14,296	16,256	33,620	19,577	83,749	15,576	68,173
6 - 10 years	25,437	11,329	46,657	27,940	111,363	20,718	90,645
11 years	2,771	(1,718)	4,974	3,186	9,213	3,424	5,789
	45,871	30,258	92,940	55,229	224,298	43,426	180,872

Included in the estimated future unitary payment service charges for the schools PFI is the cost of services and maintenance in respect of schools incorporated into the contract that were built as part of the Building Schools for Future Programme (BSF). We have assessed these schools to be service concession assets and accounted for them as such however it is not expected that these assets will produce a liability on the balance sheet. The repayment of the liability and interest in respect of assets replaced by BSF schools are retained as liabilities estimated to be £10.8m and will be repaid over the period of the remaining contract.

Street Lighting PFI Scheme

Future Unitary Payments	Repayment of Liability	Interest	Service Charge	Lifecycle Costs	Total
	£000	£000	£000	£000	£000
Within 1 year	488	1,519	807	750	3,564
2 - 5 years	2,487	5,827	3,454	3,193	14,961
6 - 10 years	4,846	6,259	4,849	4,461	20,415
11 - 14years	4,892	3,225	3,832	3,232	15,181
	12,713	16,830	12,942	11,636	54,121

Bentilee District Centre PFI Scheme

Future Unitary Payments	Repayment of Liability	Interest	Service Charge	Total
	£000	£000	£000	£000
Within 1 year	218	844	1,020	2,082
2 - 5 years	1,339	3,276	3,976	8,591
6 - 10 years	1,867	3,338	6,242	11,447
11 - 15 years	1,499	1,088	8,090	10,677
16 - 18 years	1,097	214	2,464	3,775
	6,020	8,760	21,792	36,572

Hanford Waste Scheme

Future Unitary Payments	Repayment of Liability	Interest	Service Charge	Lifecycle Costs	Total
	£000	£000	£000	£000	£000
Within 1 year	1,652	2,040	3,705	586	7,983
2 - 5 years	7,492	7,736	16,253	2,495	33,976
	9,144	9,776	19,958	3,081	41,959

The predicted future PFI payments include assumptions around contractual indexation the Council will be required to pay. The effects of these assumptions will be monitored closely over the remaining life of the contract and mitigated through reduced energy consumption, contract negotiations and/or increased revenue contributions.

Summary

Future Unitary Payments	Repayment of Liability	Interest	Service Charge	Lifecycle Costs	Total
	£000	£000	£000	£000	£000
Within 1 year	5,725	8,794	13,221	5,862	33,602
2 - 5 years	25,614	33,095	57,303	25,265	141,277
6 - 10 years	32,150	20,926	57,748	32,401	143,225
11 - 15years	9,162	2,595	16,896	6,418	35,071
16 - 18years	1,097	214	2,464	-	3,775
	73,748	65,624	147,632	69,946	356,950

12.08d Income and Expenditure

Transactions under the schemes during 2014/15 were:

	Schools		Street Lighting		Bentilee District Centre		Hanford Waste	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
	£000	£000	£000	£000	£000	£000	£000	£000
Fair Value of Services	11,110	10,770	2,208	2,399	591	901	3,891	3,747
Finance Cost	4,901	4,650	1,352	1,312	955	911	755	660
Contingent Rent	349	967	296	251	20	21	1,298	1,390
Revenue Unitary Payments	16,360	16,387	3,856	3,962	1,566	1,833	5,944	5,797
Recharge to Academies	(2,172)	(4,111)	-	-	-	-	-	-
Other Revenue Expenditure	99	135	17	21	-	-	3,902	2,744
Depreciation	3,397	2,877	815	825	140	21	2,051	756
Total Expenditure	17,684	15,288	4,688	4,808	1,706	1,854	11,897	9,297
PFI Special Grant	(8,294)	(8,294)	(1,351)	(1,351)	(1,346)	(1,346)	(571)	(570)
Other Contributions	(5,336)	(3,945)	(8)	(8)	(796)	(837)	(7,910)	(6,448)
(Surplus)/Deficit in Income & Expenditure Account	4,054	3,049	3,329	3,449	(436)	(329)	3,416	2,279
Movement in Reserves								
Depreciation	(3,397)	(2,877)	(815)	(825)	(140)	(21)	(2,051)	(756)
MRP	2,365	2,864	1,052	1,181	307	312	2,014	2,123
MRP Adjustment	-	-	267	-	(271)	-	-	-
Transfer to/(from) Earmarked Reserves								
Transfer (from) DSG Reserve	(2,000)	(2,032)	-	-	-	-	-	-
Transfer to PFI Reserve	895	895	239	20	-	38	-	-
Transfer from PFI Reserve	(1,021)	(1,005)	-	-	(2)	-	-	-
Net Charge to the General Fund	896	894	4,072	3,825	(542)	-	3,379	3,646

A number of schools have converted to Academy status and entered into a contractual arrangement with the Council in respect of properties under the PFI scheme. The Council recharges the Unitary Charges on such properties to the schools.

From April 2015 schools and academies will be required to pay additional contributions directly to the contract, to maintain the affordability of the contract.

12.09 Financial Instruments

12.09a Financial Instruments

Accounting regulations require 'financial instruments' such as investments, lending and borrowing of the City Council, as shown on the Balance Sheet, to be further analysed into various defined categories.

Long-Term Assets / Liabilities	Current Assets / Liabilities			Long-Term Assets / Liabilities	Current Assets / Liabilities
2013/14	2013/14			2014/15	2014/15
£000	£000			£000	£000
		Investments			
-	-	Loans and receivables	12.09c	-	9,980
19	-	Available-for-sale financial assets ²	12.09c	5,335	-
19	-	Total investments		5,335	9,980
		Debtors			
1,262	-	Loans and receivables	12.16a	1,985	-
-	39,789	Debtors identified on the balance sheet ³	12.09c	-	31,015
-	(9,644)	Less: classes of debtor not recognised as financial instruments or held at amortised cost		-	(10,259)
1,262	30,145	Total Debtors		1,985	20,756
		Borrowings			
299,771	4,295	Financial liabilities at amortised cost ¹	12.09c	326,771	4,326
299,771	4,295	Total borrowings		326,771	4,326
		Other Liabilities			
22,743	-	Liability with Staffordshire County	12.09f	20,914	-
72,924	5,124	PFI liabilities	12.08b	68,022	5,725
3,418	-	PFI liabilities - Deferred Service	12.09f	2,848	-
1,931	694	Finance lease Liabilities	12.09e	1,093	487
4,334	5,032	Provisions	12.10	5,030	7,470
45	-	Other long term liabilities	12.09f	26	-
105,395	10,850	Total other liabilities		97,933	13,682
		Creditors			
693	-	Financial liabilities at amortised cost ⁴	12.09c	259	-
-	58,895	Creditors identified on the balance sheet	12.17	-	63,118
-	(20,916)	Less: classes of creditor not recognised as financial instruments or held at amortised cost		-	(18,142)
693	37,979	Total creditors		259	44,976

¹Market loans (LOBOs) of £20m and £74m HRA Self Financing Loans are included in long term borrowing.

²There is no active market for the Unquoted Equity Shares. Fair value is assessed by use of valuation technique.

³There are a small number of immaterial soft loans included within the short term debtors on the Balance Sheet and no further disclosures are required.

⁴Financial liabilities at amortised cost represents long term creditor in respect of retentions due to completed capital schemes.

12.09b Gains and Losses on Financial Instruments

The gains and losses recognised in the CIES in relation to financial instruments are made up as follows:

2013/14					2014/15			
Liabilities measured at amortised cost	Loan and Receivables	Financial Assets Available for Sale	Total		Liabilities measured at amortised cost	Loan and Receivables	Financial Assets Available for Sale	Total
£000	£000	£000	£000		£000	£000	£000	£000
-	-	-	-	Impairment Losses	-	-	-	-
(24,287)	-	-	(24,287)	Interest Expense	(24,371)	-	-	(24,371)
(24,287)	-	-	(24,287)	Total Expenses in Surplus or Deficit on the Provision of	(24,371)	-	-	(24,371)
-	488	-	488	Other Investment Income	-	-	127	127
-	331	-	331	Interest Income	-	378	-	378
-	819	-	819	Total Income in Surplus or Deficit on the Provision of Services	-	378	127	505
-	-	-	-	Gains on revaluation	-	-	5,316	5,316
				Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure				
-	-	-	-		-	-	5,316	5,316
(24,287)	819	-	(23,468)	Net gain/(loss) for the year	(24,371)	378	5,443	(18,550)

The City Council has no 'fair value through profit and loss' assets.

12.09c Fair Value of Assets and Liabilities carried at amortised cost

The fair value of each class of financial assets and liabilities which are carried in the Balance Sheet at amortised cost is disclosed below.

Methods and Assumptions in valuation technique:

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The fair value of PFI liabilities are calculated using zero coupon rates. The fair value is higher than the carrying amount because the interest rate payable is higher than the rates available for similar loans at the balance sheet date. This does not affect future payments made under the PFI scheme.

Fair Value of liabilities carried at amortised cost

31 March 2014					31 March 2015			
Carrying Amount		Fair Value			Carrying Amount		Fair Value	
Long Term	Short Term	Long Term	Short Term		Long Term	Short Term	Long Term	Short Term
£000	£000	£000	£000		£000	£000	£000	£000
279,771	-	331,737	-	PWLB - Maturity ¹	306,771	-	427,769	-
20,000	-	24,271	-	LOBO's ²	20,000	-	30,254	-
1,931	694	1,931	694	Finance Leases	1,093	487	1,093	487
-	4,295	-	4,295	Other Borrowing	-	4,326	-	4,326
76,342	5,124	99,092	12,658	PFI Schemes	70,870	5,725	97,644	12,735
378,044	10,113	457,031	17,647	Financial Liabilities	398,734	10,538	556,760	17,548
4,419	47,267	4,419	47,267	Creditors	2,481	80,416	2,481	80,416

¹The fair value amount shown in the table represents PWLB loan amount assessed on the basis of present value for future cash flows, as recommended by the City Council's independent advisors. This has been based on comparable new borrowing rates for the same financial instrument from a comparable lender as disclosed in the accounting policies. The PWLB have provided a figure of £427,769,277 (£331,737,137 (2013/14)) as a fair value which reflects the premature redemption amount. These figures also include the £74,441,000 HRA loans taken out in 2011/12.

Fair value is higher than the carrying amount because the City Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date.

²A fair value for the LOBO loans has been provided by the City Council's treasury advisers on the same basis as the PWLB, this amount is £30.254m.

Fair Value of assets carried at amortised cost

31 March 2014		Note	31 March 2015	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
1,262	1,262	Long-term debtors	1,985	1,985
34,674	34,674	Short-term debtors	31,015	25,311

Short-term debtors exclude amounts receivable of £5.704m from Statutory debtors and Central Government as they do not arise from contracts and therefore, fall outside the scope of the accounting provisions.

Fair Value of investments

The Council has the following financial instruments that are classed as available for sale.

31 March 2014			31 March 2015
£000		Note	£000
	Stoke-on-Trent Regeneration Limited		
19	19% Shareholding - 19,000 B ordinary shares of £1 each		4,653
	West Midlands Transport Information Services Limited		
-	10 £1 ordinary shares		-
	Kier Stoke Limited	12.19	
-	19.9% Shareholding - 199 B ordinary shares of £1 each		682
	Stoke EnergyCo Limited		
-	100% Shareholding - 1 ordinary share of £1		-
19	Total		5,335

In 2014/15 the council revalued its shareholding which resulted in an increase in value from £0.019m to £5.335m. These shares were valued using the shareholders equity identified in the company's latest balance sheet. The increase of £5.316m is shown in the Available for Sale Financial Instruments reserve.

The Council has the following loans and receivables

31 March 2014		Note	31 March 2015	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
-	-	Short-term Investments	9,980	9,980

12.09d Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2014			31 March 2015
£000		Note	£000
148	Cash held by the authority		87
4,405	Bank current accounts		11,172
30,954	Short-term deposits		56,792
35,507	Total Cash and Cash Equivalents		68,051

12.09e 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 the 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 city council in the annual Treasury Management Strategy Statement. 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 credit ratings services. Deposit risk is also managed by limiting the level of investments placed with counterparties, but subject to regular review.

The council has made significant efforts to further protect the capital of the Authority and mitigate against this risk in line with its Treasury Management Strategy Statement, including:

- (a) the setting up of a Treasury Management Board (consisting of both Senior Members and Officers) that meets regularly to scrutinise treasury decisions;
- (b) using the Debt Management Office (DMO), the Government's investment vehicle (and the most secure place to invest currently in what are particularly volatile economic times);
- (c) restricting investments to UK institutions and giving due attention to 'group risk' (i.e. limiting investments to £8m where financial institutions are part of the same group of companies);
- (d) investments are limited to £8m for the highest rated or government owned institution except in the case of the DMO (where the limit changes according to the amount of cash available to invest and the Treasury Management Board's view on the economic climate at a given point in time);
- (e) regular reporting to the Audit Committee on the Treasury position, decisions by the Treasury Management Board and training to Members;
- (f) utilising professional advice from external treasury advisers on the credit worthiness of counterparties;
- (g) utilising all market and other 'soft' information which officers research through the financial press and independent advice;
- (h) investing funds only in the UK for durations below 12 months until it is safe to do otherwise (in accordance with the Council's Treasury Management Strategy).

The Authority's maximum exposure to credit risk in relation to funds held as investments in banks at the Balance Sheet date is £73,660,644. As the deposits rest with several banks the risk of any institution failing to make interest payments or repay the principle sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2015 that this was likely to crystallise.

The city council operates a Corporate Debt Management Strategy which endeavours to keep outstanding debt at the lowest possible level which aims to minimise the risk of bad debts by preventing the accumulation of debt over a period of time. The strategy sets the framework for a consistent and sensitive approach to collecting debt whilst at the same time ensuring the council continues to maximise collection performance. Wherever possible the council will try to distinguish between those who cannot pay with those who will not pay.

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount as at 31 March 2015	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 2015	Estimated maximum exposure to default and un- collectability at 31 March 2015	Estimated maximum exposure as at 31 March 2014
	£000	%	%	£000	£000
	A	B	C	(A x C)	
Customers	50,934	41.84	44.15	22,489	18,547

The City Council currently has £22.489m in its Balance Sheet to cover bad debt.

No credit limits were exceeded during the reporting period and the authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority does not generally allow credit for customers, such that £28.446m of the £50.934m balance is past its due date for payment. This amount can be analysed by age as follows:

31 March 2014			31 March 2015
£000		Note	£000
25,557	0 - 3 months		18,988
8,834	4 - 12 months		7,243
2,132	More than 1 year		2,215
36,523	Total		28,446

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. Should unexpected movements happen, the Authority has ready access to short term funding. There is no significant risk that it will not be able to raise finance to meet its commitments under financial instruments. The City Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future, to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The City Council limits how much it will borrow through its Treasury Management Strategy and Prudential Indicators and places specific limits for the percentage of total loans which can mature in a given period. This will take account of whether it is prudent to take new loans out and, where it is economic to do so, make early repayments.

The City Council has the following debt liabilities (excluding sundry debtors) on its balance sheet:

Outstanding Loans

31 March 2014 £000			Interest Rates %	31 March 2015 £000
		Note		
	Source of Loan			
279,771	Public Works Loan Board		4.41	306,771
20,000	Market Loans	12.09c	3.84	20,000
299,771	Total			326,771

31 March 2014 £000		Note	31 March 2015 £000
	Analysis of Maturity Less Premiums		
-	Less than one year		-
-	Between one and two years		8,000
8,000	Between two and five years		-
25,500	Between five and ten years		25,500
266,271	More than ten years		293,271
299,771	Total		326,771

Finance Lease Liabilities

31 March 2014 £000		Note	Interest Rates %	31 March 2015 £000
	Source of Loan			
2,625	Finance Leases		7.70	1,580
2,625	Total			1,580

31 March 2014 £000		Note	31 March 2015 £000
	Analysis of Maturity Less Premiums		
694	Less than one year		487
1,554	Between one and two years		1,093
377	Between two and five years		-
2,625	Total		1,580

All trade and other payables are due to be paid in less than one year.

The City Council allocated a total of £89m of existing debt to HRA from its existing debt portfolio which was taken into account when the business plan was prepared in 2011/12.

Market Risk - Price Risk

The Authority does not generally invest in equity shares but does have shareholdings to the value of £5.335m. The Authority is consequently exposed to losses arising from movements in the prices of the shares.

As the shareholdings have arisen through joint working arrangements, the Authority is not in a position to limit its exposure to price movements by diversifying its portfolio.

The £5.335m shares are all classified as 'available for sale', meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure.

12.09f Other Long Term Borrowing (PFI & Finance Leases)

The other long term borrowings as at 31 March 2015 are as follows:-

31 March 2014 £000			31 March 2015 £000
		Note	
22,743	County Council debt		20,914
1,931	Finance Leases		1,093
72,924	Private Finance Initiative - Finance Lease	12.08b	68,022
3,418	Private Finance Initiative - Deferred Service		2,848
45	Other		26
101,061	Total		92,903

The balance in respect of County Council Debt represents the City Council's liability for a proportion of debt following local government re-organisation in 1997. In 2014/15 the total payment to the County Council was £2,723,709 (£2,809,222 in 2013/14), of which £894,825 (£980,338 in 2013/14) related to interest and expenses and £1,828,884 to repayment of principal, as in previous years. The total amount paid to the County Council is contained within the Movement in Reserves Statement.

12.10 Provisions

	Liability Insurance Claims	Business Rates Appeals	Other Provisions	Total
	£000	£000	£000	£000
Balance at 1 April 2014	4,329	4,067	970	9,366
Additional provisions made in 2014/15	1,768	5,703	707	8,178
Amounts used in 2014/15	(1,072)	(3,449)	(521)	(5,042)
Unused amounts reversed in 2014/15			(2)	(2)
Balance at 31 March 2015	5,025	6,321	1,154	12,500

of which:

Short Term Liability
Long Term Liability

7,470
5,030
12,500

Liability Insurance Claims

These provisions are for settlement of claims for compensation for personal injury, loss or damage to property due to alleged negligence. All claims are dealt with on a legal liability basis and the provision for each claim is assessed by the Council's insurers or legal advisers based on the information available and experience of the type of claims involved and adjusted individually as further information becomes available until either a settlement is made and the claim is closed or the claim is successfully defended. Provisions include associated legal costs. The Council currently self-funds a £100,000 excess for each and every claim with a "stop loss" amount for each insurance year and the provisions are net of amounts payable by insurers.

Business Rates Appeals

All business ratepayers could appeal their rateable value on the 2010 valuation list during the 2014/15 financial year. Any successful appeal no matter when its resolved, made in this financial year, can be backdated back into previous financial years up to the start of the 2010 valuation list (1 April 2010) . The provision reflects an estimate of the potential loss of income to Stoke-on-Trent City Council which could arise in future years as a result of those appeals still outstanding at 31 March 2015.

12.11 Grants

12.11a Grant Income

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

Credited to Taxation and Non Specific Grant Income

Capital 2013/14 £000	Revenue 2013/14 £000		Note	Capital 2014/15 £000	Revenue 2014/15 £000
2,610	102,692	Communities & Local Government		1,176	87,686
-	-	Pathfinder/Regional		-	-
35,643	4,203	Department for Education (DfE)		4,996	3,718
716	236	Department of Health (DoH)		-	231
-	3,617	Department of Work & Pensions (DWP)		-	2,905
737	-	Private Sector Contributions		41	-
4,728	-	Department for Transport (DfT)		5,756	-
302	484	Other Government Grants		88	573
1,493	-	Homes and Communities Agency		1,862	-
201	-	Lottery		231	-
185	-	Other Contributions		872	-
1,086	-	Other Grants		280	-
1,263	-	European Regional Development Fund (ERDF)		1,537	-
-	-	Kickstart/Cluster Loans		987	-
48,964	111,232	Total		17,826	95,113

Credited to Net Cost of Service	Type of Funding/Grant	Note	2013/14 £000	2014/15 £000
Central Services to the Public	Council Tax Benefits		-	-
	Other Grants		-	304
Cultural and Related	Private Finance Initiative - Bentilee	12.08d	1,136	-
	Other Grants		51	47
Environmental and Regulatory	Other Grants		110	465
Planning and Development	Other Grants		37	1,499
Education and Children's	Dedicated Schools Grant		133,414	115,656
	Private Finance Initiative - Schools	12.08d	8,294	8,294
	Private Finance Initiative - Bentilee	12.08d	210	1,346
	Other Grants		12,368	11,460
Highways and Transport	Private Finance Initiative - Street Lighting	12.08d	1,351	1,351
	Other Grants		1,055	1,555
General Fund Housing	Rent Allowances		54,937	53,417
	Rent Rebates		39,229	39,837
	Other Grants		738	1,138
Local Authority Housing	Other Grants		-	-
Adult Social Care	Other Grants		4,777	149
Public Health	Other Grants		19,691	20,242
	Total		277,398	256,760

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

Short Term	Long Term			Short Term	Long Term
2013/14	2013/14			2014/15	2014/15
£000	£000		Capital Grants Receipts in Advance	£000	£000
1,124	-		Department for Education (DfE)	1,351	-
-	-		Department for Communities and Local Government	19,750	-
-	3,725		Homes and Communities Agency	-	2,222
-	-		Private Sector Contributions	-	-
450	-		Other Government Grants	1,729	-
1,574	3,725		Total	22,830	2,222

12.11b Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the School Finance (England) Regulations 2012. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2014/15 are as follows:

	Central Expenditure	ISB	Total
	£000	£000	£000
Final DSG as issued by the Department in July 2014	34,067	156,208	190,275
DSG Early Years Adjustment 2013/14	97	-	97
DSG Early Years Pupil Premium Pilot Scheme	-	163	163
Academy figure recouped for 2014/15	-	(74,803)	(74,803)
Total DSG after Academy recoupment for 2014/15	34,164	81,568	115,732
Brought forward from 2013/14	9,466	-	9,466
Carry forward to 2015/16 agreed in advance	(3,733)	-	(3,733)
Agreed initial budgeted distribution in 2014/15	39,897	81,568	121,465
In year adjustments	-	-	-
Final budget distribution for 2014/15	39,897	81,568	121,465
Less Actual central expenditure	(30,714)	-	(30,714)
Less Actual ISB deployed to schools	-	(81,479)	(81,479)
Plus local authority contribution for 2014/15	2,843	-	2,843
Carry forward in year to 2015/16	12,026	89	12,115
Carry forward to 2015/16 agreed in advance	3,733	-	3,733
Carry forward to 2015/16 agreed in advance	15,759	89	15,848

12.12 Officers Remuneration

Disclosure of senior employees remuneration

A Senior Employee is defined as an employee whose salary is at least £50,000 per annum and who is:

- the designated head of paid service, The statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989;
- the head of staff for a relevant body which does not have a designated head of paid service; or
- the section 151 officer; or
- any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other persons.

The following table shows the senior employees whose salary is £150,000 or more per year.

Post title and name	Notes	Year	Salary (including fees and allowances)	Expense allowances	Compensation for loss of office	Total remuneration excluding pension contributions	Pension Contributions	Total remuneration including pension contributions
			£	£	£	£	£	£
Chief Executive - J van de Laarschot		2014/15	195,000	1,144	-	196,144	36,075	232,219
Chief Executive - J van de Laarschot		2013/14	195,516	3,152	-	198,668	34,125	232,793

The following table shows the senior employees whose salary is between £50,000 and £150,000 per year.

Post title and name	Notes	Year	Salary (including fees and allowances)	Expense allowances	Compensation for loss of office	Total remuneration excluding pension contributions	Pension Contributions	Total remuneration including pension contributions
			£	£	£	£	£	£
Assistant Chief Executive		2014/15	132,344	1,546	-	133,890	24,469	158,359
Assistant Chief Executive		2013/14	144,516	1,354	-	145,870	23,100	168,970
Director - People ¹		2014/15	162,629	1,748	-	164,377	27,970	192,347
Director - People		2013/14	142,516	1,072	-	143,588	24,850	168,438
Director - Place ²		2014/15	12,649	-	-	12,649	2,340	14,989
Director - Place/City Renewal ³		2013/14	64,089	-	79,385	143,474	9,358	152,832
Housing Director ⁴		2014/15	22,103	-	-	22,103	4,019	26,122
Assistant Director - Legal Services ⁵		2014/15	14,665	25	-	14,690	2,713	17,403
Assistant Director - Legal Services		2013/14	82,685	251	-	82,936	13,486	96,422
Chief Operating Officer (& Section 151 Officer) ⁶		2014/15	31,581	-	-	31,581	5,842	37,423
Assistant Director - Financial Services (Section 151 Officer) ⁷		2013/14	56,516	62	-	56,578	9,800	66,378
Director - Public Health ⁸		2014/15	140,028	2,770	-	142,798	18,239	161,037
Director - Public Health ⁹		2013/14	50,750	308	-	51,058	6,492	57,550

¹ New acting post holder commenced 23/02/15. Previous post holder left 29/03/15

² Post holder commenced 23/02/15. Post covered for the rest of the year by an interim. Amount invoiced in 2014/15 was £225,664 (2013/14 - £249,949).

³ Post holder left 31/08/13. Post previously called Director of City Renewal but now called Director of Place.

⁴ New post of Housing Director for 2014/15. Post holder commenced in post 15/01/15

⁵ Covered by interim for the period 12/06/14 to 31/03/15. Amount invoiced in 2014/15 was £90,201.

⁶ Post holder commenced in post 05/01/15.

⁷ Covered by 2 interims during 2014/15 to 16/12/14, until appointment to new post of Chief Operating Officer (Section 151 Officer). Amount invoiced in 2014/15 was £140,655.

⁸ New post holder commenced in post 20/10/14. Acting post holder covered for the period 01/04/2014 to 19/10/2014.

⁹ Covered part year by secondees from Public Health England at an invoiced cost of £102,328 between 05/08/13 to 31/03/14.

Number of employees excluding senior employees receiving total remuneration above £50,000 including expense allowances chargeable to income tax and an estimated value of other benefits but excluding employer's pension:

2013/14					2014/15			
Number of Teaching staff	Number of Employees (non teaching)	Total Number of Employees	Number of Employees Left in Year	Range	Number of Teaching staff	Number of Employees (non teaching)	Total Number of Employees ¹	Number of Employees Left in Year
25	45	70	8	£50,000-£54,999	24	48	72	10
26	23	49	4	£55,000-£59,999	21	20	41	2
15	14	29	1	£60,000-£64,999	16	14	30	5
7	1	8	1	£65,000-£69,999	11	5	16	2
5	3	8	1	£70,000-£74,999	5	6	11	4
5	3	8	-	£75,000-£79,999	-	1	1	-
3	5	8	1	£80,000-£84,999	4	6	10	3
2	2	4	1	£85,000-£89,999	-	2	2	1
-	1	1	-	£90,000-£94,999	1	1	2	-
-	1	1	1	£95,000-£99,999	-	-	-	-
1	1	2	-	£100,000-£104,999	1	1	2	-
-	-	-	-	£105,000-£109,999	-	-	-	-
-	1	1	-	£110,000-£114,999	-	-	-	-
-	1	1	-	£115,000-£119,999	-	-	-	-
-	-	-	-	£120,000-£124,999	-	-	-	-
-	-	-	-	£125,000-£129,999	-	-	-	-
-	-	-	-	£130,000-£134,999	-	1	1	-
-	-	-	-	£135,000-£139,999	-	-	-	-
-	2	2	1	£140,000-£144,999	-	1	1	1
-	1	1	-	£145,000-£149,999	-	-	-	-
-	1	1	1	£150,000-£154,999	-	-	-	-
-	-	-	-	£155,000-£159,999	-	-	-	-
-	-	-	-	£160,000-£164,999	-	-	-	-
-	-	-	-	£165,000-£169,999	-	-	-	-
-	-	-	-	£170,000-£174,999	-	-	-	-
-	-	-	-	£175,000-£179,999	-	-	-	-
-	-	-	-	£180,000-£184,999	-	-	-	-
-	-	-	-	£185,000-£189,999	-	-	-	-
-	-	-	-	£190,000-£194,999	-	-	-	-
-	1	1	-	£195,000-£199,999	-	1	1	-
89	106	195	20	Total	83	107	190	28

¹ Includes 18 employees in receipt of compensatory payments for redundancy which has moved their remuneration into the >£50k banding.

12.13 Termination Benefits & Exit Packages

The authority terminated the contracts of 279 employees in 2014/15 mainly as a consequence of the ongoing corporate restructuring programme. A total of over £3.1m in compensatory payments was incurred (including redundancy costs and pay in lieu of notice) plus an additional £0.9m will be paid to the pension fund in respect of actuarial strain costs. A further 9 people have signed to leave in 2015/16 and a total of £0.2m has been included in a provision. £3.8m for compensatory payments and £0.9m for actuarial strain has been included as a reserve on the balance sheet for further costs expected in 2015/16. The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

2013/14					2014/15			
Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages	Total Cost of Exit Packages £'000	Range	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages	Total Cost of Exit Packages £'000
9	236	245	1,757	£0-£20,000	12	197	209	1,263
1	59	60	1,523	£20,001-£40,000	-	50	50	1,370
-	14	14	645	£40,001-£60,000	-	8	8	381
-	5	5	347	£60,001-£80,000	-	9	9	623
1	1	2	170	£80,001-£100,000	-	1	1	97
-	2	2	239	£100,001-£150,000	-	2	2	257
11	317	328	4,681	Total	12	267	279	3,991

12.14 Pensions

The City Council offers certain retirement benefits to its employees as part of their terms and conditions of employment and participates in the following three schemes:-

Teachers Pension Scheme & NHS Pension Scheme

Teachers employed by the City Council are members of the Teachers' Pension Scheme administered by the Teachers Pensions Agency (TPA). Public Health staff, who transferred from the NHS on 1st April 2013, are members of the NHS pension scheme. Both of these schemes provide members with defined benefits on retirement, and the City Council pays towards the cost by making contributions. Although the TPS is unfunded, it uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. It is not possible for the Council to identify a share of the underlying liabilities in these two schemes attributable to its own employees. For the purposes of these accounts, they are therefore accounted for as defined contribution plans.

The City Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the schemes. These benefits are accrued within the pension liability. In 2014/15 the City Council paid employer's contributions to the TPS scheme of £4,767,307 (2013/14 £6,107,954) which is a reducing amount due to the conversion of some schools to Academy status. Employer contributions in respect of the NHS scheme amounted to & £133,592 in 2014/15 (2013/14 £131,518). The employer contribution rate was 14.1% (2013/14 14.1%) of teachers pensionable pay & 14.0% (2013/14 12.6%) of public health staff pay. Total pensionable pay for the year re the TPS was £33,804,450 (2013/14 £43,329,838) & £1,028,369 (2013/14 £1,040,960) re the NHS scheme. Added years' lump sum payments awarded by the authority in respect of the TPS amounted to £9,041 for 1 teacher (2013/14 £11,393 - 2 teachers).

Employer's contributions for the year to 31 March 2016 will be approximately £5.1m re the TPS (an increase due to the increase in the statutory contribution rate from September 2015 to 16.4%) before Academy Transfers which have not yet been formalised. Employer's contributions for the year to 31 March 2016 will be approximately £0.1m re the NHS scheme.

Other City Council Employees

The Local Government Pension Scheme, administered locally by Staffordshire County Council and called the Staffordshire Pension Fund, was a funded defined benefit final salary scheme until 31st March 2014 (at which point it becomes based on a 'career average'). The City Council and its employees pay contributions into a fund, which provides its members with defined benefits relating to pay and service. Although these benefits will not actually be payable until employees retire, the City Council has a commitment to make the payments (for those benefits) and to account for them at the time that employees earn their future entitlement.

The contributions are based on rates that are determined by Hymans Robertson, the Pension Fund's professionally qualified actuaries, calculated at a level intended to balance the pensions liabilities with investment assets. The contributions are calculated on a triennial basis on full valuations of the fund. The most recent triennial valuation date was at 31 March 2013.

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council have 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 31st March 2016.

In 2014/15 the City Council paid an employer's contribution based on 18.5% (2013/14 – 17.5%) of employees' pensionable pay. This was made up of 15.6% in respect of current service (ie pension earned within the current year), the remainder being in respect of prior year deficit recovery. Total pensionable pay for the year was £109,704,676 (2013/14 £108,532,847). The Actuary estimates that the Employer's contributions for the year to 31 March 2016 re the LGPS will be approximately £22.3m.

Discretionary retirement benefits awarded constitute an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. Effects of early retirements and unfunded benefits are considered in the Actuarial Assumptions and calculations. However, there are no investment assets built up to meet this type of pension liability and the funds have to be paid by the Council to meet the additional pension payments as they eventually fall due.

During the year ended 31 March 2015, the City Council agreed to allow 60 employees (77 in 2013/14) over the age of 55 to retire prematurely on redundancy grounds. Added years' lump sum payments awarded by the authority in respect of these leavers was £372,622 (2013/14 £307,954).

The Staffordshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Staffordshire County Council. The Pensions Committee (consisting of 9 elected members & 5 non-voting representatives of the Consultative Forum) is responsible for : setting overall strategy; monitoring performance; administering the scheme and; approving policy. Policy is determined in accordance with the Pensions Fund Regulations. The Pensions Panel (consisting of 5 elected members), which reports to the Pensions Committee, is responsible for appointing investment managers; monitoring performance and; recommending strategy to the Pensions Committee. In addition, following the new regulations which came into force in April 2015, there is now a Pensions Board (consists of a maximum of 7 members, 2 of which will be representatives of the Scheme Membership, one of these seats being a nominated trade union representative & one from the membership of the pension fund) which will scrutinise the decisions made by the Pensions Committee & the Pension Panel.

The principal risks to the City Council 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 by the statutory requirement to charge to the General Fund and Housing Revenue Account the amounts required by statute that aim to reflect the Actuaries estimate of contributions necessary to balance liabilities & investments.

In addition, any deficit remaining upon insolvency of any employers within the Staffordshire Pension Fund would fall to the other employers within the scheme. In order to minimise this eventuality, there is a risk assessment of all employers which is regularly monitored & kept up-to-date and action strategies in place for each eventuality. For example, an employer whose risk assessment indicates a less strong covenant will generally be required to pay higher contributions.

Included in Other Comprehensive Income and Expenditure is an analysis of the remeasurements of the scheme identified as movements on the Pensions Reserve. Remeasurements are recognised immediately in the period in which they occur.

Any benefits promised under the formal terms of the scheme have been included in the pension scheme liabilities.

The assets of the scheme have been measured at their fair value, which complies with the Code regulations for IAS 19. Scheme liabilities have been deducted.

Definitions of the elements contained in the tables below are shown in the glossary at the end of these accounts.

The weighted average duration of the defined benefit obligation for LGPS Scheme Members is 24.8 years.

Comprehensive Income and Expenditure Statement & Movement on Reserves Statement

The cost of post employment/retirement benefits reported in the net cost of services are recognised when they are earned by employees rather than when the benefits are actually paid as pensions. While charged to the net cost of services, this is not a proper charge to the general fund and is reversed out via the movement in reserves statement to the pensions reserve. The proper charge to the general fund is represented by the cash paid in the year to the superannuation fund representing employer contributions.

	Note	Local Government Pension Scheme		Teachers Pension Scheme		Total	
		2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000
Net Cost of Services							
- current service cost		25,780	26,542	-	-	25,780	26,542
- past service costs incl curtailments		724	717	-	-	724	717
- settlements		(9,424)	(1,423)	-	-	(9,424)	(1,423)
		17,080	25,836	-	-	17,080	25,836
Financing and Investment Income and Expenditure							
- Net Interest Expense	12.02	14,826	17,224	1,382	1,464	16,208	18,688
		14,826	17,224	1,382	1,464	16,208	18,688
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services		31,906	43,060	1,382	1,464	33,288	44,524
Other Comprehensive Income and Expenditure							
Remeasurement of the net defined benefit liability comprising							
- return on plan assets (excluding the amount included in the net interest)		16,161	(74,881)	-	-	16,161	(74,881)
- changes in demographic assumptions		24,416	-	448	-	24,864	-
- changes in financial assumptions		43,831	159,174	790	1,362	44,621	160,536
- other expenditure		(28,568)	(10,285)	2,808	263	(25,760)	(10,022)
Other post employment benefit		55,840	74,008	4,046	1,625	59,886	75,633
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		87,746	117,068	5,428	3,089	93,174	120,157
Movement in Reserves Statement							
- reversal of net charged against the General Fund Balance for cash paid in	12.05c	(31,906)	(43,060)	(1,382)	(1,464)	(33,288)	(44,524)
Actual amount charged against the General Fund Balance for cash paid in the year:							
- employers' contributions payable to the pension scheme	12.05c	21,142	21,928	2,059	2,123	23,201	24,051
Movement in Pension Reserve		(66,604)	(95,140)	(3,369)	(966)	(69,973)	(96,106)

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the City Council's obligation in respect of its defined benefit plans is shown in the table below. As can be seen, the balance sheet has deteriorated from last year. This is a result of a reduction in the net discount rate over the period (which leads to a higher current service cost), the negative impact of which has outweighed the positive asset return achieved over this period.

		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	Note	£000	£000	£000	£000	£000	£000
<i>Present value of liabilities</i>							
All Pension Schemes		(901,729)	(761,588)	(842,685)	(1,002,993)	(1,078,660)	(1,277,195)
Discretionary Benefits		(53,428)	(45,961)	(51,682)	(53,165)	(57,644)	(58,745)
	12.14e	(955,157)	(807,549)	(894,367)	(1,056,158)	(1,136,304)	(1,335,940)
Fair value of assets in the Local Government Pension Scheme	12.14e	535,411	569,115	598,659	691,444	701,617	805,146
Net pension asset/(liability) on the balance sheet	12.05c	(419,746)	(238,434)	(295,708)	(364,714)	(434,687)	(530,794)

The liabilities show that the authority has to pay post employment (retirement) benefits. The total net liability of £530,794 has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy because:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Assets and Liabilities in Relation to Post-employment Benefits

This table shows a reconciliation of the present value of the scheme assets and liabilities and the reason why they have changed from the previous year. In other words, it summarises the effect of all of the factors responsible for the movement in the assets and liabilities over the last year.

		Local Government Pension Scheme		Teachers Pension Scheme		Total	
	Note	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
		£000	£000	£000	£000	£000	£000
Reconciliation of present value of the scheme liabilities (defined benefit)							
Opening balance at 1 April		(1,024,422)	(1,101,199)	(31,736)	(35,105)	(1,056,158)	(1,136,304)
Current service cost		(25,780)	(26,542)	-	-	(25,780)	(26,542)
Interest cost		(45,875)	(47,326)	(1,382)	(1,464)	(47,257)	(48,790)
Contributions by scheme participants		(6,898)	(6,904)	-	-	(6,898)	(6,904)
<i>Remeasurement (gains) and losses:</i>							
- changes in demographic assumptions		(24,416)	-	(448)	-	(24,864)	-
- changes in financial assumptions		(43,831)	(159,174)	(790)	(1,362)	(44,621)	(160,536)
- changes in experience		28,568	10,285	(2,808)	(263)	25,760	10,022
Benefits paid		27,770	29,480	2,059	2,123	29,829	31,603
Past service costs (including curtailments)		(724)	(717)	-	-	(724)	(717)
Settlements		14,409	2,228	-	-	14,409	2,228
Closing balance at 31 March		(1,101,199)	(1,299,869)	(35,105)	(36,071)	(1,136,304)	(1,335,940)
Reconciliation of fair value of the scheme (plan)							
Opening balance at 1 April		691,444	701,617			691,444	701,617
Interest income		31,049	30,102			31,049	30,102
<i>Remeasurement (gains) and losses:</i>							
- the return on plan assets, excluding the amount included in the net interest		(16,161)	74,881			(16,161)	74,881
Employer contributions		23,201	24,051			23,201	24,051
Contributions by scheme participants		6,898	6,904			6,898	6,904
Benefits paid		(29,829)	(31,604)			(29,829)	(31,604)
Settlements		(4,985)	(805)			(4,985)	(805)
Closing balance at 31 March		701,617	805,146			701,617	805,146
Net Pension Asset/(Liability)		(399,582)	(494,723)	(35,105)	(36,071)	(434,687)	(530,794)

Local Government Pension Scheme Assets

The Schemes assets consist of the following categories, by proportion and value of the total assets held:

	Fair value of scheme assets							
	2013/14				2014/15			
	Quoted prices in active markets	Unquoted prices in active markets	Total	Percentage of total assets	Quoted prices in active markets	Unquoted prices in active markets	Total	Percentage of total assets
	£000	£000	£000	%	£000	£000	£000	%
Equity Securities:								
- Consumer	53,293	-	53,293	8%	69,047	-	69,047	9%
- Manufacturing	49,829	-	49,829	7%	-	-	-	0%
- Energy & Utilities	29,362	-	29,362	4%	20,933	-	20,933	3%
- Financial Institutions	52,649	-	52,649	8%	51,387	-	51,387	6%
- Health & Care	36,721	-	36,721	5%	33,791	-	33,791	4%
- Information Technology	32,069	-	32,069	5%	31,232	-	31,232	4%
- Other	14,783	-	14,783	2%	61,895	-	61,895	8%
	268,706	-	268,706	38%	268,285	-	268,285	34%
Debt Securities								
- Corporate Bonds (investment grade)	52,506	-	52,506	7%	61,118	-	61,118	8%
- Corporate Bonds (non-investment grade)	-	-	-	0%	-	-	-	0%
- UK government	-	-	-	0%	-	-	-	0%
- Other	-	-	-	0%	-	-	-	0%
	52,506	-	52,506	7%	61,118	-	61,118	8%
Private Equity	-	21,979	21,979	3%	-	25,580	25,580	3%
Real Estate:								
- UK property	-	51,546	51,546	7%	-	65,529	65,529	8%
- Overseas property	-	-	-	0%	-	-	-	0%
	-	51,546	51,546	7%	-	65,529	65,529	8%
Investment Funds & Unit Trusts:								
- Equities	207,611	-	207,611	30%	266,820	-	266,820	33%
- Bonds	34,099	-	34,099	5%	43,042	-	43,042	5%
- Hedge Funds	-	13,291	13,291	2%	-	19,246	19,246	2%
- Commodities	-	-	-	0%	-	-	-	0%
- Infrastructure	-	-	-	0%	-	-	-	0%
- Other	-	22,098	22,098	3%	-	23,713	23,713	3%
	241,710	35,389	277,099	39%	309,862	42,959	352,821	43%
Derivatives:								
- Inflation	-	-	-	0%	-	-	-	
- Interest Rate	-	-	-	0%	-	-	-	
- Foreign Exchange	-	-	-	0%	-	-	-	
- Other	-	-	-	0%	-	-	-	
	-	-	-	-	-	-	-	0%
Cash & Cash Equivalents	29,781	-	29,781	4%	31,813	-	31,813	4%
Total Assets	592,703	108,914	701,617	100%	671,078	134,068	805,146	100%

As is required by the pensions and (where relevant) investment regulations, the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range.

The return on the Fund in market value terms for the year to 31 March 2015, estimated based on actual Fund returns as provided by the Actuary and index returns where necessary, is:

- Actual return for the period from 01 April 2014 to 31st December 2014 7.8 (7.2 previously)
- Estimated return for the period from 01 April 2014 to 31 March 2015 15.0 (7.9 previously)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method of valuation. An estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rates, salary levels etc. The Pension scheme has been assessed by Hymans Robertson.

The principal assumptions used by the actuary have been:

	2013/14	2014/15
<i>Mortality assumptions:</i>		
<i>Longevity at 65 for current pensioners:</i>		
- Men	22.1 years	22.1 years
- Women	24.3 years	24.3 years
<i>Longevity at 65 for future pensioners:</i>		
- Men	24.3 years	24.3 years
- Women	26.6 years	26.6 years
Rate of inflation	2.9	2.5
Rate of increase in salaries	4.7	4.4
Rate of increase in pensions	2.9	2.5
Rate for discounting scheme liabilities	4.3	3.3
Real discount rate for discounting scheme liabilities	1.5	0.8
Proportion of employees taking up commutation option		
- pre-April 2008 service	50.0	50.0
- post-April 2008 service	75.0	75.0

Sensitivity Analysis

The estimation of the defined benefit liability is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes whilst all the other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

The Sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at year ended 31 Mar 2015	Approximate % increase to Employer Liability	Approximate monetary amount
	%	£000
0.5% decrease in Real Discount Rate	11%	146,603
1 year increase in member life expectancy	3%	40,078
0.5% increase in the Salary Increase Rate	4%	47,792
0.5% increase in the Pension Increase Rate	7%	95,471

12.15 Pooled Budgets

Stoke-on-Trent City Council has several pooled budget arrangements with external bodies, as follows:

- Mental Health Section 75 Pooled Budget - For the provision of mental health services for younger adults. Partners with North Staffordshire Combined Healthcare Trust.
- ICES Section 75 Pooled Budget - For the provision of the Integrated Community Equipment Service (ICES). Partners with Stoke-on-Trent Clinical Commissioning Group (CCG)
- Youth Offending Services Pooled Budget - For the provision of Youth Offending Services. Partners with the Youth Justice Board, the Police, the Probation Service and the Stoke-on-Trent Clinical Commissioning Group (CCG)

At 31st March, the net position arising on each of the pooled budgets was as follows:

31 March 2014 £000		Note	31 March 2015 £000
67	Mental Health Section 75 Pooled Budget		121
(29)	ICES Section 75 Pooled Budget		(31)
(463)	Youth Offending Services Pooled Budget		(402)

Any (surplus)/deficit on the pooled budget for Mental Health Section 75 is managed through a carry forward agreement. The (surplus)/deficit on the ICES Section 75 and Youth Offending Service Pooled Budgets are funded from reserves.

12.16 Debtors

12.16a Long Term Debtors

	Balance at 01/04/14 £000	New Long Term Debtors £000	Repayments £000	Balance at 31/03/15 £000
Kickstart	1,166	5	(75)	1,096
Cluster Loans	-	982	(139)	843
Other Long Term Debtors	96	-	(50)	46
Total	1,262	987	(264)	1,985

12.16b Short Term Debtors

31 March 2014 £000		Note	31 March 2015 £000
5,797	Central government bodies		5,349
4,277	Academies		187
1,619	Other local authorities		907
454	NHS Bodies		274
29	Public Corporations and trading funds		-
46,158	Other entities and individuals ¹		46,787
(18,545)	Impairment of other entities and individuals		(22,488)
39,789	Total		31,016

¹ Other entities and individuals includes £1.9m re: charges on property

12.17 Short-Term Creditors

31 March 2014 £000		Note	31 March 2015 £000
12,673	Central government bodies		14,045
3,108	Other local authorities		3,646
1,378	NHS Bodies		1,636
41,736	Other entities and individuals		43,791
58,895	Total		63,118

12.18 Related Party Transactions

The Authority is required to disclose material transactions with related parties, in words, bodies or individuals that have the potential to control or influence the City Council or to be controlled or influenced by the City 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, as 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 (such as those relating to council tax bills and housing benefits). Grants received from government departments are set out in the subjective analysis in Note 12.02 on Amounts Reported for Management Account Purposes. A breakdown of grants received by funder in 2014/15 is shown in Note 12.11.

Members

Members of the City 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 12.20. During 2014/15, no members declared interests in related party companies which at 31st March 2015 had outstanding loans with the Authority. Details of all members' interests are available within the Members' Registers of Interest on the City Council website, Stoke-on-Line.

Officers

During 2014/15, no council officers declared interests in related parties.

Other Public Bodies

Stoke-on-Trent City Council has a pooled budget arrangement with North Staffordshire Combined Healthcare Trust for the provision of mental health services and with Stoke-on-Trent Clinical Commissioning Group for the provision of Integrated Community Equipment Services (ICES). The Authority has a further pooled budget arrangement for the provision of Youth Offending Services. The other bodies involved in this include the Youth Justice Board, the Probation Service, Stoke-on-Trent Clinical Commissioning Group and Staffordshire Police Authority. The year end balances for all of these arrangements are detailed in Note 12.15.

Entities Controlled or Significantly Influenced by the Authority

The City Council has interests in a number of companies. During 2014/15, the following members were on the board of these companies, and various related party transactions were made to the companies:

Stoke-on-Trent Regeneration Limited - Stoke-on-Trent City Council has a 19.0% share in Stoke-on-Trent Regeneration Limited and holds 19,000 B Ordinary Shares of £1 each. In order to represent that share holding, several council members sit on the board of the company. Cllr. Crowe was appointed as director on 03/07/2014, Cllr. Watson was appointed as observer at the same date. Cllr. Rosenau also remained as an observer.

West Midlands Transport Information Services Limited - The City Council has a 1% share holding in West Midlands Transport Information Services Limited, and holds 10 £1 ordinary shares. During 2014/15, contributions of £6,732 were made in respect of the travel information service provided by the company. With effect from 10 April 2015 the company will cease to directly contract with a call centre operation as a new national call centre will be established which will take over this function.

Kier Stoke Limited - Stoke-on-Trent City Council has a partner agreement with Kier Stoke Limited. The authority has a 19.9% share holding in the company and holds 199 B Ordinary Shares of £1 each. As city council representatives on the board, Cllr. J Garner was appointed as an Executive member of the board on 15/05/14. Various transactions took place in 2014/15 and these are detailed in note 12.19 below.

Centre of Refurbishment Excellence (CoRE) - The City Council has a 24.9% ownership of CoRE Limited, a company limited by guarantee. Councillor Andy Platt and David Sidaway, Executive Director of Place, are Directors of CoRE Limited. At the end of 2014/15 financial year, in accordance with the revolving loan agreement CoRE Limited owed £0.376m to Stoke-on-Trent City Council.

Stoke Energyco Limited - This is a new company, wholly set up and owned by Stoke-on-Trent City Council in order to deal with green energy initiatives. In 2014/15, no transactions took place.

12.19 Partnership Arrangement

Background

Kier Stoke Limited was established as a partner agreement between the City Council and Kier Group to deliver the housing and public building maintenance and housing programmed works for the City Council. The City Council maintains a 19.9% minority interest holding in Kier Stoke Limited as a long term investment.

Service Contract and Agreements

Kier Stoke Limited was incorporated on 5 October 2007, and commenced a ten year contract on 4 February 2008.

Kier Stoke Limited has admitted body status into the Staffordshire County Local Government Pension Scheme and has satisfied all contribution demands during the year.

Transactions and Balances

Between 1 April 2014 and 31 March 2015, Kier Stoke Limited charged the City Council for £40.6m (2013/14 £40.9m) net of Value Added Tax for completed works and services, and advised that the value of uncompleted works as at 31st March 2015 was £2.6m (2013/14 £5.3m) for all work streams. Total balance outstanding at 31 March 2015 was £0m (2013/14 £2.0m). (All outstanding cashflow items were settled during the year)

The City Council raised a total value of invoices against Kier Stoke Limited during 2014/15 of £121k for various services and £101k was outstanding at 31 March 2015.

During 2014/15, the City Council received a dividend due of £127k from Kier Stoke Limited.

12.20 Members Allowances and Expenses

The Authority paid the following amounts to members of the council during the year.

31 March 2014 £000		Note	31 March 2015 £000
740	Allowances		770
22	Expenses		23
762	Total		793

12.21 External Audit Costs

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

31 March 2014 £000		Note	31 March 2015 £000
220	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year		249
27	Fees payable to external auditors for the certification of grant claims and returns for the year		15
	Fees payable to external auditors in relation to financial advisory services - with respect to the Housing PFI scheme		37
	Fees payable to external auditors in respect of other services provided - during the year		5
	- Audit commission rebate		(21)
247	Total		285

12.22 Contingent Assets

A contingent asset is a possible asset arising from past events, whose existence will only be confirmed by uncertain future events not wholly within the City Council's control. These assets are not recognised in the accounting statements as the timing and value is uncertain.

- a. The Council submitted a claim for "overpaid" VAT dating back to the early 1970's based on the outcome of well known VAT litigation "the Fleming case" which meant that certain items previously deemed to be Standard rated were considered to be exempt or outside the scope of VAT. Due to the age of these purchases, the Council has lodged significant claims of potential VAT refunds and compound interest with HMRC. Some VAT claims have been settled and amounts received are reflected in the Statement of Accounts. The outcome of the compound interest claim is dependent pending legal processes.

12.23 Contingent Liabilities

- a. In 1992, Municipal Mutual Insurance (MMI) ceased to trade and now exists solely to discharge its responsibilities under policies that it had previously issued. These responsibilities relate mainly to legal liability claims, which will take many years to materialise and finalise. In the event of MMI's insolvency local authority policyholders had agreed to enter into a 'scheme of arrangement' under which there are claw-back provisions on claims payments made by MMI after the implementation of the scheme.

The scheme of administration has now been triggered and in response to an initial levy of 15% the City Council released £162,369 in payment to MMI and as at 1st January 2014 it retains a maximum liability of £920,095. There is no indication at this stage as to whether a further levy will be applied but the scheme administrators have not ruled it out. The Council is uncertain as to whether further monies will be required to be set aside, hence the matter is still considered to be a contingent liability.

- b. The City Council is currently and has previously been involved in a number of schemes where grants are received from external funding agencies – primarily, but not exclusively, the European Commission, National Lottery Funds, Housing Market Renewal and the Regional Growth Fund. There are specific terms and conditions applied to the value of grant offered from these funding organisations. A proportion of these monies could be subject to claw-back if it is deemed that the City Council has not fully complied with all the conditions of each grant award.
- c. Potential liabilities exist regarding liability claims that pre date Local Government Reorganisation in 1974 when a number of services transferred to Staffordshire County Council including Education and Social Services. Potential liabilities also exist for other periods where the City Council does not hold verifiable evidence of insurance cover. Any proven claims arising from these periods would have a financial consequence for the City Council that could exceed any insurance provisions that are currently held. The City Council is unable to estimate the value or timing of any obligations, hence, no amounts are recognised in the accounts in respect of this.
- d. The City Council would be responsible for any pollution arising from closed landfill sites in any restored areas where it holds the relevant licence. Whether any pollution will arise is unknown as is the cost that would arise from such an incident. Hence, no monies have been set aside for such events as the risk is considered to be contingent at this time.
- e. Claims under Part 1 of the Land Compensation Act 1973 may be made in respect of any public works undertaken by the City Council, between 1 year after opening of the works and 6 years after opening. Claims are for any depreciation in the value of an interest in land or property which is attributable to the use of public works. It is not possible in advance of the opening of a highway scheme to value the likely scale or number of such claims.
- f. A contingent liability exists regarding the funding of pension fund deficits arising from a contract entered into with Serco Limited in 2007 for the provision of education services. The West Midlands Councils pensions (WMLGA) has now been wound up and the City Council is responsible for increases in the pensions liability over the next 25 years. It is uncertain what the Council's potential liability is likely to be in respect of this pension fund.
- g. The corporate restructuring exercise is continuing and there are a few areas where the restructure is awaited and are subject to a separate consultation process. The number of redundancies and subsequent costs can not be estimated until the new structures have been finalised.

- h. From time to time the City Council is involved in a number of investigations and enquiries on data protection and taxation from Government bodies, such as Information Commissions Offices (ICO) and Her Majesty's Revenue and Customs (HMRC). Where the outcome of such investigations are known, adequate provisions will be made.
- i. The Balance Sheet includes Private Housing Improvement Loans (Kickstart) with a fair value of £1.096m as at 31st March 2014. The repayment of some of these loans are dependant on certain events, principally the sale of the property. It is uncertain when these events will arise and the amount of the loan that will be repaid.
- i. On the 18 December 2014 City Council Cabinet approved a revised funding structure to support the Centre for Refurbishment Excellence (CoRE) business development plan during the next two years. This support is at risk if the business plan fails to deliver the requisite growth required to sustain the business in the medium/long term resulting in CoRE being unable to pay any liabilities due to the Council. The company itself is limited by guarantee.

12.24 Events after the Balance Sheet Date

12.24a School Conversions to Academies

Since the Balance Sheet date, the following schools have converted to Academy Schools:

School Name	Date Converted	NBV of OLB & VPE as at 1st April 2015
Whitfield Valley Primary	1st April 2015	£2.019m
Mill Hill Primary School	1st August 2015	£1.947m
Sandon Business & Enterprise College	1st September 2015	£7.737m
Birches Head High School	1st September 2015	£8.067m

As a result of the above school transfers to academy status, the school as an entity will need to be derecognised in the Council's accounts for 2015/16 by writing off the net assets of the school to the Comprehensive Income and Expenditure Statement (CIES). The gain or loss on transfer will be recognised within the Financing and Investment Income and Expenditure line on the CIES.

13 Housing Revenue Account Income & Expenditure Account

2013/14				2014/15	
£000	£000		Notes	£000	£000
		Expenditure			
(26,024)		Repairs and maintenance	15.04	(25,569)	
(14,123)		Supervision and management		(15,310)	
(443)		Rent, rates, taxes and other charges		(494)	
(20,535)		Depreciation, impairment and revaluation of non-current assets*	15.02	18,679	
(47)		Debt management costs		(35)	
(689)		Increase in bad debt provision		(43)	
	(61,861)	Total Expenditure			(22,772)
		Income			
66,441		Dwelling rents		67,563	
604		Non-dwelling rents		775	
1,028		Charges for services and facilities		1,018	
513		Contributions towards expenditure		167	
	68,586	Total Income			69,523
	6,725	Net Cost of HRA Services per Comprehensive Income and Expenditure Statement			46,751
	(288)	HRA services' share of Corporate and Democratic Core			(342)
	6,437	Net Cost for HRA Services			46,409
		HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement			
	(6,898)	Interest payable and similar charges	15.09		(6,813)
	128	HRA Interest and investment income	15.09		102
	1,500	(Loss)/Gain on Disposal of Non Current Assets			1,902
	(464)	Income and expenditure in relation to investment properties and changes in their fair value			-
	(780)	Pensions interest cost and expected return on pensions costs			(981)
	56	Capital grants and contributions receivable			359
	(21)	Surplus or (deficit) for the year on HRA services			40,978

* Depreciation, impairment and revaluation of non-current assets has changed significantly between 2013/14 and 2014/15. This is due to net revaluation gains in 2014/15 of £28.4m which has been applied to reverse part of a previous revaluation loss charged to the net cost of service.

14 Movement on HRA Statement

31 March 2014			31 March 2015
£000		Note	£000
8,273	Balance on the HRA at the end of the previous year		6,873
(21)	Surplus of (deficit) for the year on the HRA Income and Expenditure Statement	13	40,978
8,659	Adjustments between accounting basis and funding basis under statute	12.01	(40,095)
8,638	Net increase or (decrease) before transfers to or from reserve		883
(10,038)	Transfers (to) or from reserves	6	(361)
(1,400)	Increase or (decrease) in year on the HRA	6	522
6,873	Balance on the HRA at the end of the current year		7,395

15 Notes to the Housing Revenue Account Financial Statements

15.01 Housing Stock

2013/14		2014/15
19,029	Number of dwellings at the beginning of the year	18,916
-		
(112)	Dwellings sold under Right to Buy	(132)
(1)	Other sales	-
-	Awaiting demolition	(78)
-	Merged conversions	8
-	Dwellings demolished	(3)
18,916	Number of dwellings at the end of the year	18,711
	<i>Consisting of:</i>	
15,770	Houses/Bungalows	15,641
3,146	Flats	3,070

15.02 Valuation of Housing Assets

Movement on Balance 2014/15	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment	Assets Held for Sale	Investment Properties
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation										
Balance at 1 April	416,362	8,673	12,384	6,785	118	607	1,756	446,685	1,446	887
Additions	10,961	-	-	4,154	-	-	(17)	15,098	-	-
Donations	-	-	-	-	-	-	-	-	-	-
<i>Revaluation increases/(decreases) recognised in the:</i>										
Revaluation Reserve	-	(356)	-	-	(11)	47	-	(320)	-	-
Surplus/Deficit on the Provision of Services	(38,864)	(245)	-	-	(43)	(9)	-	(39,161)	-	-
Derecognition - Disposals	-	(28)	(2,033)	(2)	-	(123)	-	(2,186)	(2,941)	-
Reclassifications - other	(109)	156	-	23	70	(169)	-	(29)	-	-
Assets reclassified (to)/from Held for Sale	(2,797)	(88)	-	-	-	6	-	(2,879)	2,879	-
Other	-	-	-	-	-	-	-	-	-	-
Balance at 31 March	385,553	8,112	10,351	10,960	134	359	1,739	417,208	1,384	887
Accumulated Depreciation and Impairment										
Balance at 1 April	(59,481)	(528)	(6,874)	(1,855)	-	(54)	(1,472)	(70,264)	(135)	-
Depreciation Charge in year	(8,160)	(464)	(631)	(269)	-	-	-	(9,524)	-	-
<i>Depreciation written out to the:</i>										
Revaluation Reserve	-	70	-	-	-	6	-	76	-	-
Surplus/Deficit on the Provision of Services	51,372	66	-	-	-	5	-	51,443	-	-
<i>Impairment losses/(reversals) recognised in the:</i>										
Revaluation Reserve	-	(17)	-	-	-	-	-	(17)	-	-
Surplus/Deficit on the Provision of Services	15,922	-	-	-	-	-	-	15,922	-	-
Derecognition - Disposals	-	20	1,672	1	-	37	-	1,730	119	-
Reclassifications - other	2	(7)	-	(2)	-	7	-	-	-	-
Assets reclassified (to)/from Held for Sale	(40)	-	-	-	-	-	-	(40)	40	-
Other	-	-	-	-	-	-	-	-	-	-
Balance at 31 March	(385)	(860)	(5,833)	(2,125)	-	1	(1,472)	(10,674)	24	-
Net Book Value										
At 31 March 2015	385,168	7,252	4,518	8,835	134	360	267	406,534	1,408	887
At 31 March 2014	356,881	8,145	5,510	4,930	118	553	284	376,421	1,311	887

The vacant possession value of dwellings within the Housing Revenue Account as at 1 April 2014 was £1,138,167,250. The balance sheet value of dwellings within the Housing Revenue Account shows the economic cost to Government of providing council housing at less than open market rents.

Movement on Balance 2013/14	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment	Assets Held for Sale	Investment Properties
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation										
Balance at 1 April	408,624	9,694	13,724	6,247	118	1,336	1,840	441,583	1,323	1,386
Additions	10,553	104	514	538	-	-	(84)	11,625	9	-
Donations	-	-	-	-	-	-	-	-	-	-
<i>Revaluation increases/(decreases) recognised in the:</i>										
Revaluation Reserve	-	(203)	-	-	-	(313)	-	(516)	-	-
Surplus/Deficit on the Provision of Services	-	(144)	-	-	-	(58)	-	(202)	-	(499)
Derecognition - Disposals	-	-	(1,834)	-	-	(405)	-	(2,239)	(2,672)	-
Reclassifications - other	8	(815)	(20)	-	-	47	-	(780)	-	-
Assets reclassified (to)/from Held for Sale	(2,823)	37	-	-	-	-	-	(2,786)	2,786	-
Other	-	-	-	-	-	-	-	-	-	-
Balance at 31 March	416,362	8,673	12,384	6,785	118	607	1,756	446,685	1,446	887
Accumulated Depreciation and Impairment										
Balance at 1 April	(41,625)	(337)	(7,300)	(1,320)	-	(54)	(1,472)	(52,108)	(80)	(34)
Depreciation Charge in year	(8,196)	(460)	(755)	(260)	-	(6)	-	(9,677)	-	-
<i>Depreciation written out to the:</i>										
Revaluation Reserve	-	132	-	-	-	-	-	132	-	-
Surplus/Deficit on the Provision of Services	-	61	-	-	-	-	-	61	-	34
<i>Impairment losses/(reversals) recognised in the:</i>										
Revaluation Reserve	-	-	-	-	-	(120)	-	(120)	-	-
Surplus/Deficit on the Provision of Services	(10,037)	-	(287)	(275)	-	(108)	-	(10,707)	(9)	-
Derecognition - Disposals	-	-	1,448	-	-	255	-	1,703	331	-
Reclassifications - other	-	76	20	-	-	(21)	-	75	-	-
Assets reclassified (to)/from Held for Sale	377	-	-	-	-	-	-	377	(377)	-
Other	-	-	-	-	-	-	-	-	-	-
Balance at 31 March	(59,481)	(528)	(6,874)	(1,855)	-	(54)	(1,472)	(70,264)	(135)	-
Net Book Value										
At 31 March 2014	356,881	8,145	5,510	4,930	118	553	284	376,421	1,311	887
At 31 March 2013	366,999	9,357	6,424	4,927	118	1,282	368	389,475	1,243	1,352

The vacant possession value of dwellings within the Housing Revenue Account as at 1 April 2013 was £1,147,848,375. The balance sheet value of dwellings within the Housing Revenue Account shows the economic cost to Government of providing council housing at less than open market rents.

15.03 Major Repairs Reserve

The Major Repairs Reserve can only be used to fund capital expenditure on Housing Revenue Account assets. Local authorities have the flexibility to spend the resource outside the financial year in which they are allocated, enabling more efficient planning of works

2013/14		2014/15
£'000		£'000
(5,872)	Balance at beginning of the year	(3,852)
(9,677)	Depreciation on HRA Assets	(9,523)
-	Voluntary contribution	(5,552)
1,120	Re-payment of principal debt	-
-	Depreciation on non dwellings	-
10,577	Capital expenditure on houses within the HRA	9,500
(3,852)	Balance at end of year	(9,427)

15.04 Housing Repairs Account

The Housing Repairs Account is funded by annual contributions from the Housing Revenue Account. This separate fund exists as the demands on resources for housing repairs fluctuate within any given financial year. The fund operates within the same 'ring-fence' which applies to the Housing Revenue Account preventing General Fund financing of housing repairs

2013/14			2014/15
£'000			£'000
	Expenditure		
26,024	Repairs and maintenance		25,437
	Income		
(26,024)	Contribution from Housing Revenue Account		(25,437)
-	Surplus/(deficit) for the year		-
-	Balance at beginning of year		-
-	Balance at end of year		-

15.05 Summary of Capital Expenditure

2013/14			2014/15
£'000			£'000
	Expenditure		
10,195	Dwellings		15,099
-	Other Land & Buildings		
1,439	Other property		
11,634			15,099
	Income		
-	Borrowing		
-	Revenue contributions		
-	Earmarked Reserves		4,240
10,577	Major repairs reserve		9,500
1,000	Usable capital receipts reserve		1,000
57	Grants and contributions		359
11,634			15,099

15.06 Summary of HRA Capital Receipts Reserve

2013/14			2014/15
£'000			£'000
5,247	Balance brought forward		2,857
	Value of receipts		
91	Land		60
3,918	Houses		4,749
18	Mortgage repayments		19
16	Repayments of discount		-
335	Notional receipts for end of lease		351
9,625			8,036
	Value of receipts		
1,096	Capital receipts pooling payment to DCLG		1,646
1,000	Usable receipts applied to finance HRA capital expenditure		3,182
4,672	Regeneration project capital expenditure		1,000
-	Funding of disposal costs		-
2,857	Balance carried forward		2,208
9,625			8,036

15.07 Explanation of HRA Share of Contributions to/from Pension Reserve

Included within the HRA balance is £1.4m relating to the current service cost of HRA funded employees who participate in the Local Government Pension Scheme. The current service cost represents the value of pension benefits earned during the year by the relevant employees and is charged to the HRA Income and Expenditure account in place of the value of cash payments made by the Council to the pension fund. This accords with IAS19 (Retirement Benefits) and ensures that the HRA Income and Expenditure account meets the requirement that benefit retirements should be accounted for when earned even if the actual giving of pension benefits may be in the future.

In addition, a proportionate share of the net pension interest cost and expected return on pension assets is credited to the overall surplus or deficit on HRA services

Information regarding the City Council's pension position as a contributing employer, for Balance Sheet and disclosure purposes, is supplied on an annual basis by Hymans Robertson for pension fund actuary. More detailed information regarding the overall position of the fund can be found within note 12.14.

15.08 Rent Arrears

2013/14			2014/15
£'000			£'000
	Arrears at year end		
1,131	Current Tenants		1,235
1,658	Former Tenants		1,512
2,789	Total Arrears at year end		2,747
2,679	Provision in respect of uncollectable debts		2,671

15.09 Capital Asset Charges and Adjustments

Capital asset charges are made to the HRA, by way of Item 8 Credit and Debit charges as specified by central government, to reflect the cost of managing the HRA's share of the Authority's debt portfolio.

In addition to the Depreciation and Impairment charges detailed above, the following charges are made:

2013/14			2014/15
£'000			£'000
	Item 8 Credit		
(128)	Interest Receivable		(102)
(33)	Discounts Received		(14)
(161)	Total Item 8 Credit		(116)
	Item 8 Debit		
1,167	Debt Management Charges and Repayment		35
6,898	Capital Asset Charges Adjustment		6,813
8,065	Total Item 8 Debit		6,848

16 Collection Fund Statement

2013/14					2014/15		
Business Rates	Council Tax	Total			Business Rates	Council Tax	Total
£000	£000	£000			£000	£000	£000
			Notes				
			Income				
84,885	-	84,885	Business Ratepayers		84,505	-	84,505
-	105,067	105,067	Council Tax	17.02	-	106,351	106,351
-	(19,636)	(19,636)	Less Council Tax Local Support	17.02	-	(18,841)	(18,841)
84,885	85,431	170,316			84,505	87,510	172,015
-	-	-	Council Tax Benefit		-	-	-
84,885	85,431	170,316			84,505	87,510	172,015
			Expenditure				
			Allocation of Previous Year's (Surplus)/Deficit				
-	-	-	Central Government		1	-	1
-	(28)	(28)	The Office of the Police and Crime Commissioner (PCC) Staffordshire		-	164	164
-	(11)	(11)	Stoke-on-Trent and Staffordshire Fire and Rescue		-	63	63
-	(186)	(186)	Stoke-on-Trent City Council		-	1,097	1,097
-	(225)	(225)			1	1,324	1,325
			Charges to the Collection Fund				
1,419	1,079	2,498	Write Offs	17.02	729	(429)	300
(621)	3,168	2,547	Provision for Uncollectable Amounts		860	923	1,783
8,300	-	8,300	Provision for Appeals		11,639	-	11,639
-	-	-	Use of Previous Years Provision		(7,039)	-	(7,039)
546	-	546	Disregard Amounts (including reliefs)		1,874	-	1,874
366	-	366	Costs of Collection		365	-	365
10,010	4,247	14,257			8,428	494	8,922
74,875	81,409	156,284	Balance due for allocation		76,076	85,692	161,768
			Precepts, Demands and Shares				
37,398	-	37,398	Central Government		40,840	-	40,840
-	10,026	10,026	The Office of the PCC Staffordshire	17.03	-	10,207	10,207
748	3,818	4,566	Stoke-on-Trent and Staffordshire Fire and Rescue		817	3,887	4,704
36,650	66,803	103,453	Stoke-on-Trent City Council	17.03	40,024	68,010	108,034
74,796	80,647	155,443			81,681	82,104	163,785
79	762	841	Surplus/(Deficit) for the Year		(5,605)	3,588	(2,017)
			Collection Fund Balance				
-	595	595	Balance at the Beginning of the Year		79	1,357	1,436
			Allocation of Surplus/(Deficit) in Year				
39	-	39	Central Government		(2,803)	-	(2,803)
-	95	95	The Office of the PCC Staffordshire		-	446	446
2	36	38	Stoke-on-Trent and Staffordshire Fire and Rescue		(56)	170	114
38	631	669	Stoke-on-Trent City Council	12.01	(2,746)	2,972	226
79	762	841			(5,605)	3,588	(2,017)
79	1,357	1,436	Balance at the End of the Year		(5,526)	4,945	(581)
			Allocation of collection fund balance to:				
39	-	39	Central Government		(2,763)	-	(2,763)
-	169	169	The Office of the PCC Staffordshire		-	615	615
2	64	66	Stoke-on-Trent and Staffordshire Fire and Rescue Authority		(55)	234	179
38	1,124	1,162	Stoke-on-Trent City Council	7	(2,708)	4,096	1,388
79	1,357	1,436			(5,526)	4,945	(581)

17 Notes to the Collection Fund

17.01 Business Rates

The City Council collects business rates in its area based on non domestic rateable values multiplied by a uniform rate. From 1 April 2005 the Government introduced the small business rate relief scheme, those eligible pay a lesser rate.

From 1 April 2013, the City Council retained 49% of the total amount collected, less certain reliefs and deductions, paying 1% to Stoke-on-Trent and Staffordshire Fire and Rescue Authority and 50% to Government. In 2014/15 the City Council's share amounted to £40,024k plus a proportion of the year end deficit of £2,746k (see note 16). In addition £24,926k was received as non-domestic rates top up.

2013/14			2014/15
47.1p	Business Rate Multiplier		48.2p
46.2p	Small Business Rate Relief Multiplier		47.1p
£215,413,360	Non-domestic rateable value at year-end		£214,128,966

17.02 Council Tax

Council Tax income is derived from charges raised according to the value of the residential properties that have been classified into eight valuation bands for this purpose.

The amounts credited to the collection fund are calculated as follows:

2013/14			2014/15
£000			£000
120,542	Council tax gross charge		120,286
(3,098)	Exemptions		(2,055)
(12,278)	Discounts		(11,783)
(99)	Disabled allowances		(97)
105,067			106,351
(1,079)	Amounts written off		429
103,988			106,780
(19,636)	Council Tax Local Support		(18,841)
84,352			87,939

The Council Tax Base is calculated by considering the number of dwellings in each band (after allowing for discounts) and expressing these in terms of Band D property equivalents. The bands are based on the open market capital values at 1 April 1991.

Valuation Band	Value Range	Number of Dwellings	Dwellings after discounts & exemptions	Ratio to Band D	Band D Equivalents
A (entitled to Disabled Reduction)		0	152	5/9	84.6
A	Up to £40,000	69,038	58,342	6/9	38,894.8
B	£40,000 - £52,000	23,200	20,937	7/9	16,284.1
C	£52,001 - £68,000	14,596	13,308	8/9	11,829.3
D	£68,001 - £88,000	4,577	4,310	1	4,310.3
E	£88,001 - £120,000	1,690	1,597	11/9	1,952.2
F	£120,001 - £160,000	440	417	13/9	602.0
G	£160,001 - £320,000	105	82	15/9	135.8
H	Over £320,000	44	20	18/9	41.0
					74,134.1
Local Council Tax Support Scheme:					
Estimated level of discounts to be awarded					(14,583.1)
					59,551.0
Adjustments for collection rates					(2,084.3)
Council Tax Base for 2014/15					57,466.7

The overall Council Tax requirement of £68.010m then translates into individual Council Tax bills as shown below. The City Council also collects Council Tax on behalf of the Office of the Police and Crime Commissioner Staffordshire and the Stoke-on-Trent and Staffordshire Fire and Rescue Authority.

Derivation of the Band D Council Tax	2014/15	2013/14
Council Tax Requirement	£68.010m	£66.803m
Tax base	57,467	56,447
City Council Band D	£1,183.46	£1,183.46
The Office of the Police and Crime Commissioner Staffordshire	£177.61	£177.61
Stoke-on-Trent and Staffordshire Fire and Rescue Authority	£67.64	£67.64
Combined Band D Council Tax	£1,428.71	£1,428.71

The level at which Council Tax was set in 2014/15 was:

Valuation Band	Stoke-on-Trent City Council	The Office of the Police and Crime Commissioner Staffordshire	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	2014/15	2013/14
	£	£	£	£	£
A	788.97	118.41	45.09	952.47	952.47
B	920.47	138.14	52.61	1,111.22	1,111.22
C	1,051.96	157.88	60.12	1,269.96	1,269.96
D	1,183.46	177.61	67.64	1,428.71	1,428.71
E	1,446.45	217.08	82.67	1,746.20	1,746.20
F	1,709.44	256.55	97.70	2,063.69	2,063.69
G	1,972.43	296.02	112.73	2,381.18	2,381.18
H	2,366.92	355.22	135.28	2,857.42	2,857.42

17.03 Precepting Authorities

The following authorities made a demand or precept on the Collection Fund:

2013/14		2014/15
£		£
66,803,122	Stoke-on-Trent City Council	68,009,540
10,025,605	The Office of the Police and Crime Commissioner Staffordshire	10,206,661
3,818,095	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	3,887,048
80,646,822		82,103,249

18 Accounting Policies

GENERAL PRINCIPLES

The Statement of Accounts summarises the Authority's transactions for the financial year as published and its position at the year-end of 31 March of that financial year. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which 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.

ACCRUED REVENUE INCOME AND EXPENDITURE

The revenue accounts are maintained on an accruals basis. Expenditure is charged to the revenue accounts in the period in which goods and services are received and falls due, similarly, income is credited in the period in which it falls due, regardless of the timing of cash payments or receipts. The exception to the accruals basis is where the amounts involved are not material.

Interest due to or from third parties in relation to loans and investments, is accrued in full at the year-end. Provision is made for the impairment of debts in the General Fund and Housing Revenue Accounts.

Where Income and Expenditure have been recognised but cash has not been received or paid, a Debtor or Creditor for the relevant amount is recognised on the Balance Sheet. Where debts may not be settled and it is likely that collection of such debt is doubtful, the balance of the debt is written down and a charge is made to revenue for the income that may not be collectable.

BASIS OF CHARGES FOR CAPITAL

All interest charges and expenses arising on loans raised to fund capital expenditure are recharged to the Housing Revenue Account and the General Fund as appropriate.

CARBON REDUCTION COMMITMENTS

The City Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its last year of its introductory phase which ends on 31 March 2014. The City Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted as energy is used, a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption. Allowances will be measured initially at cost. Allowances that are issued for less than their fair value shall be measured initially at their fair value, with the difference between fair value and the purchase price recognised as income. Any remaining allowances will be recognised as current intangible assets unless held for the purpose of trading, as a current item of inventory.

CASH AND CASH EQUIVALENTS

Cash is defined as cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 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 that form an integral part of the City Council's cash management.

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 non-current 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 the losses can be written off
- amortisation of intangible assets attributable to the service

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

CONTINGENT LIABILITIES AND ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City Council, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City Council. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their net present value.

COUNCIL TAX AND NON-DOMESTIC RATES

The collection of council tax and non-domestic rates is, as identified in the Code of Practice for Local Authority Accounting, in substance, an agency arrangement for both billing authorities, major preceptors and, in the case of non-domestic rates, central government. The City Council is the billing authority in these arrangements, while the Policing and Crime Commissioner and the Fire Authority are preceptors. Therefore the council tax and non-domestic rates income included in each body's Comprehensive Income and Expenditure Statement for the year is their proportion of accrued income for the year. The cash collected belongs proportionately to the City Council, the preceptors and central government. There is, therefore, a debtor / creditor position between the billing authority and each major preceptor and central government recognised in the balance sheet. The City Council only recognises in its balance sheet the City Council's share of any outstanding council tax and non-domestic rates arrears, receipts in advance, receivables impairment allowance and an allowance for appeals made by non-domestic rates payers.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included in the Movement in Reserves statement.

EMPLOYEE BENEFITS

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period. This charge is reversed through the Movement in Reserves Statement to unusable reserves.

Retirement benefit costs

The City Council participates in three pension schemes; the Staffordshire County Council Pension Fund; the Teachers' Pension Scheme; and the NHS Pension Scheme.

The Teachers' and NHS Pension Schemes are nationally administered unfunded defined benefit schemes. The Schemes are not designed to be run so as to be possible for the City Council to identify its share of the underlying liabilities and, as permitted under IAS 19, it is therefore accounted for as a defined contribution scheme. The costs charged to the Comprehensive Income and Expenditure Statement (CIES) for the Schemes equals the contributions payable for the year. For early retirements, other than those due to ill health, the additional pension liabilities are not funded by the scheme and are accounted for on a defined benefit scheme basis as for the Staffordshire County Council Pension Fund below.

The Staffordshire County Council Pension Fund is a funded defined benefit pension scheme. In accordance with IAS 19 retirement benefits earned under defined benefits schemes are accounted for as they are earned, even if the actual payment may be made many years in the future. The proportion of the pension fund's assets and liabilities that relate to City Council's scheme members are recognised in the City Council's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within the net cost of services. The net interest is recognised within Financing & Investment Income & Expenditure. The costs included within the CIES therefore reflect the increase in liabilities expected to arise from employees, service in the current year, rather than the actual payments by the employer into the pension fund. Remeasurement on the fund during the year are recognised in the pensions reserve and reported in Other Comprehensive Income and Expenditure. The figures that are used to account for the scheme are commissioned annually from the Staffordshire County Council Pension Fund actuary, Hymans Robertson, specifically for this purpose.

The pension increase assumption applies the Consumer Prices Index (CPI) rather than the Retail Price Index (RPI).

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority 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 and 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 authority can no longer withdraw the offer of those benefits or when the authority 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 Authority 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

Contributions paid to the Staffordshire 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 Authority to the pension fund or directly to pensioners 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 Pensions Reserve to remove the notional debits and credits for retirement 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. The negative balance that arises 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 Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

EVENTS AFTER THE BALANCE SHEET DATE

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

Adjusting Events

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

Non-adjusting Events

Those events 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 either their estimated financial effect or a statement that such an estimate cannot be made reliably.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts however the S.151 officer will advise the auditor in writing of any material events.

FINANCIAL INSTRUMENTS

Financial Instruments are defined as any contract that gives rise to a financial asset of one body and a financial liability of another. Many assets and liabilities are collectively financial instruments even where separately identified on the balance sheet.

Assets are valued in the balance sheet at amortised cost or fair value. The fair value is determined by calculating the net present value of the future cash flows, which provides an estimate of the value of payments in the future in today's terms. The calculations are made with the following assumptions:

- for PWLB debt, the discount rate used is the rate for new borrowing as per rates provided by the PWLB;
- for other market debt and investments the discount rate used is the rates available for an instrument with the same terms from a comparable lender;
- interpolation techniques have been used between available rates where the exact maturity period was not available;
- no early repayment or impairment is recognised;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Assets

The City Council has a number of investments that are financial assets. Financial assets are classified in the accounts as 'loans and receivables' – assets that have fixed or determinable payments but are not quoted in an active market.

Loans and receivables are initially measured at fair value and carried at their amortised cost except for short-term receivables with no stated interest rate which are measured at invoiced cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the City Council has made, this means that the amount presented in the balance sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year.

Where the City Council loans to organisations at less than market rates (soft loans) that are not material they are disclosed in a note to the financial statements, but no entries have been made in the Comprehensive Income and Expenditure Statement. Where a loan is material it has been treated as a soft loan and carried at fair value in the accounts. The basis for the percentage rate used is a combination of the base rate at the time the loan was granted and an allowance for the risk that the loan may not be repaid.

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

Any gains and losses that arise on the de-recognition of the asset, are credited / debited to the Comprehensive Income and Expenditure Statement and reversed out of the General Fund through the Statement of Movement on Reserves, to ensure there is no impact on council tax.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, 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 amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted marked prices - the market price
- other instruments with fixed and determinable payments - discounted cash flow analysis
- equity shares with no quoted market prices - independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/ loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Financial Liabilities

The vast majority of City Council debt is in the form of Public Works Loans Board maturity loans. These financial liabilities are initially measured at fair value and carried at their amortised cost. Fair value is based on the comparable new borrowing / deposit rate for the same financial instrument from a comparable lender. A consistent approach has been applied to assets and liabilities. Annual charges to 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. For most of the borrowings that the City Council has, this means that the amount presented in the balance sheet is the outstanding principal repayable plus accrued interest, and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

The City Council may pay off or replace loans earlier than originally planned as part of its debt management strategy, dependent upon prevailing market conditions, risk and financial benefits that may accrue to the authority.

One of the mechanisms for managing long term loans is the restructuring of the debt portfolio. This may be carried out in order to achieve a more balanced debt profile, to change the volatility of existing debt, to amend cash flows or to reduce financing costs. Debt rescheduling may give rise to a payment to the lender (a premium) or a payment to the borrower (a discount).

Gains and losses on the re-purchase or early settlement of borrowing are credited / debited to Net Cost of Services in the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where re-purchase 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.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant / contribution, and there is reasonable assurance that the monies will be received. Where conditions are outstanding, the amounts are treated as either capital or revenue receipts in advance, forming part of short or long term creditors.

Service specific revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) form part of Taxation and Non-Specific Grant Income at the foot of the Comprehensive Income and Expenditure Statement.

HERITAGE ASSETS

The City Council's heritage assets are at various locations throughout the city but principally at the four main

- Potteries Museum and Art Gallery – containing nationally important ceramics, the Staffordshire Hoard; the largest and most valuable Anglo-Saxon treasure ever found and a WWII Spitfire.
- Gladstone Pottery Museum – the only complete Victorian pottery factory from the days when coal-burning ovens made the world's finest bone china.
- Etruria Industrial Museum - the last steam powered potters' mill in Britain.
- Ford Green Hall - a 17th century timber-framed farmhouse furnished with an outstanding collection of textiles, ceramics and furniture.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the City Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below.

A level of £10,000 has been established for assets to be valued. Any assets less than this level are valued in line with the average increase in assets above £10,000.

The City Council's collections of heritage assets are accounted for as follows:

Ceramics and Porcelain

The ceramics and porcelain artefacts include some of the most nationally important collections in the world with over 5,000 pieces on display. These items are reported in the balance sheet at valuations received in 2012/13 where the cost of obtaining professional valuations has not been prohibitive. Significant pieces will be sampled periodically and reviewed against the relevant antique and ceramic trade press to ensure the continued adequacy of their valuation. The ceramics and porcelain artefacts are deemed to have indeterminate useful lives and a high residual value the City Council therefore does not consider it appropriate to charge depreciation.

Where acquisitions take place they are initially recognised at cost and donations are recognised using a valuation provided by an external valuer in accordance with the City Council's collection management policy.

Fine Arts Collection

The fine art collection includes paintings (both oil and watercolour), prints, sculptures and sketches and is reported in the balance sheet at valuations received in 2012/13 where the cost of obtaining professional valuations has not been prohibitive. Significant pieces will be sampled periodically and reviewed against the relevant antique trade press to ensure the continued adequacy of their valuation. The assets within the art collection are deemed to have indeterminate useful lives and a high residual value the City Council therefore does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation; acquisitions are initially recognised at cost and donations are recognised at valuation provided by external valuers and with reference to appropriate trade markets for the paintings. The majority of the collection held by the City Council was acquired over 50 years ago.

Machinery, Equipment and other Artefacts from the Pottery Industry

The City Council considers that obtaining valuations for the vast majority of machinery, equipment and other artefacts from the pottery industry that are principally exhibited within the industrial museum would, due to the diverse nature of the assets held and the lack of comparable values, involve a disproportionate cost in comparison to the benefits to the users of the authority's financial statements and consequently the City Council does not specifically recognise this collection of heritage assets on the balance sheet.

The Gladstone Pottery Museum holds a collection of pottery ephemera and equipment which is not specifically recognised on the balance sheet as cost information is not readily available and the City Council believes that the benefits of obtaining the valuation for these items would not justify the cost.

In addition, there is a collection of recordings of both sound and amateur film of later life in the pottery industry. Due to the lack of any comparable market values it is not possible to provide either cost or valuation information for either the intangible or the tangible element of these assets. Consequently, the City Council does not recognise the assets on the balance sheet. Where acquisitions take place, these are initially recognised at cost or where bequeathed or donated, at nil consideration.

Archaeology

The authority does not consider that reliable cost or valuation information can be obtained for the items held for the majority of its archaeological collection. This is because of the diverse nature of the assets held and lack of comparable market values. Consequently the City Council does not recognise these assets on the balance sheet.

The City Council has purchased a joint share of the Staffordshire Hoard with Birmingham City Council; this has been initially recognised on the balance sheet at cost.

Property

The City Council considers the Gladstone Pottery Museum, Etruria Industrial Museum and Ford Green Hall buildings as heritage assets and are held on the balance sheet in accordance with the City Council's accounting policies on property, plant and equipment.

Heritage Assets - General

Where there is evidence of impairment the carrying amounts of heritage assets will be reviewed e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the authority's general policies on impairment. The curators of the City Council's museums may occasionally dispose of heritage assets which do not form part of the collection policy, have a doubtful provenance or are unsuitable for public display e.g. due to damage. The proceeds of such items are accounted for in accordance with the City Council's general provisions relating to the disposal of property, plant and equipment.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

HOUSING MARKET RENEWAL

Stoke-on-Trent City Council used to be the accountable body of the RENEW North Staffordshire Pathfinder project. In 2010/11, funding for the programme was withdrawn and the partnership arrangement ceased. Transitional funding was, however, put in place to ensure that any outstanding obligations entered into by the partnership programme were met. These obligations continue.

Where it is considered that other parties have an interest in the assets created with the transitional funding, the City Council will ensure that all assets, liabilities, income and expenditure are accounted for appropriately.

INTANGIBLE ASSETS

Expenditure on assets that do not have physical substance but are identifiable and controlled by the City Council e.g. software licenses, is capitalised when it brings economic or service benefits for more than one year. Intangible fixed assets are initially recognised at cost. Thereafter, where an active market exists for the asset they are carried at fair value, otherwise they are included in the balance sheet at historic cost less any accumulated amortisation and impairment.

Assets of a finite life are amortised on a straight line basis over the life. For assets of an infinite life they are assessed for impairment. The City Council does not amortise assets in the year of acquisition, but a full year's charge is made in the year of disposal.

INVESTMENT PROPERTY

Investment property is property held solely to earn rentals and / or for capital appreciation. The property is accounted for in accordance with the accounting policy set out for property, plant and equipment. In accordance with the Accounting Code of Practice, assets identified as 'of indeterminate use' are to be classified as surplus assets within Property, Plant and Equipment. Housing related assets and assets held to provide economic regeneration are classified as operational properties based on their principal function being service related.

LEASES

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. Assets held under finance leases are recognised on the City Council's balance sheet. All other leases are classified as operating leases. Where a lease is for land and buildings, and the value is significant, the land and building components are considered separately and the rental apportioned between the two components prior to making an assessment of whether the lease is a finance lease, except where statutory exclusions apply.

Finance Leases

The City Council as lessee:

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the surplus / deficit for the year. Contingent rentals are expensed in the period in which they are incurred.

The City Council as lessor:

Amounts due from lessees under finance leases are recorded as receivables at the amount of the City Council's net investment in the leases. Where income received under leases qualifies under the definition of capital receipts, the element of finance lease payments relating to the write-down of the debtor's obligation will be treated as a capital receipt applied to accounting periods, so to reflect a constant periodic rate of return on the City Council's net investment outstanding in respect of the leases.

Operating Leases

The City Council as lessee:

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term. Operating leases and the related liabilities for future rentals are disclosed within the notes to the core financial statements.

The City Council as lessor:

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

MINIMUM REVENUE PROVISION

Local authorities are required to set aside from their General Fund Revenue Account a regular provision for repayment of debt, known as Minimum Revenue Provision (MRP). This charge has been previously based upon a statutory percentage (4%) of the authority's underlying need to borrow for capital purposes at the start of each year. Change to legislation now enables the City Council to have more flexibility in how it calculates the MRP. There is no longer a separate requirement to set aside a minimum revenue provision from the Housing Revenue Account.

Some of the MRP will relate to the more historic debt liability that will continue to be charged at the rate of 4%. Certain expenditure reflected within the debt liability at the end of the financial year will be subject to MRP under the Asset Life or Depreciation Method which will be charged over a period which is reasonably commensurate with the estimated useful life of the asset (or group of assets) as determined by either the City Council's Estates Management professionals or from information available from the asset register. Where the underlying borrowing is by way of a finance lease or service concession arrangement (PFI scheme), additional revenue provision may be set aside based on the capital repayment plan of the agreement.

The City Council may, from time to time, have capital receipts and other capital resources available at the end of a financial year, which it is considered will be used in the following or subsequent financial year to offset what would otherwise be an increase in their debt liability. In anticipation of such use, the City Council may consider capital receipts in assessing debt liability used for MRP purposes.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale when the sale is highly probable, the asset is available for immediate sale in its present condition, the City Council is committed to and actively marketing the sale and which is normally expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount or fair value less costs to sell. Fair value is open market value including alternative uses.

The gain or loss on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Comprehensive Income and Expenditure Statement.

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 Authority's status as a multi-functional, democratic organisation.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

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 on Continuing Services.

PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

PFI and service concessionary transactions are treated in the City Council's accounts in accordance with latest recommended practice in the Code, based on IFRIC12 (control of asset). The following PFI schemes are operational:

- Schools - assets transferred to Transform Schools (Stoke) Limited
- Street Lighting - assets transferred to Tay Valley Lighting (Stoke-on-Trent)
- Bentilee District Centre - assets transferred to Bentilee HUB (Project Company)
- Hanford Waste - assets transferred to Hanford Waste Service Limited

As the City Council is deemed to control the services, the fixed assets used under the contracts are recognised on the balance sheet and revalued and depreciated in the same way as any other property, plant and equipment owned by the City Council.

The amounts payable to the PFI operators each year (known as the unitary charge) are analysed into five elements:

- fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost - an interest charge of an agreed % on the outstanding balance sheet liability, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- contingent rent - increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;

- payment towards - liability - applied to write down the balance sheet liability towards the PFI operator;
- lifecycle replacement costs (regular major planned refurbishments) - recognised as non-current assets on the balance sheet.

PROPERTY PLANT AND EQUIPMENT

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment that have a physical substance has been capitalised on an accruals basis where:

- it is probable that the future economic benefits or service potential associated with the item will flow to the entity, and;
- the cost of the item can be measured reliably, and;
- the cost of the item is above the following de minimis levels set for administrative purposes:

- Land and Buildings	£15,000
- Equipment	£5,000
- Schools Capital	£2,000

This excludes routine repairs and maintenance, which is charged directly to the service revenue accounts.

Some expenditure below de minimis levels relating to a number of assets that in totality are above the de minimis levels will be accounted for as capital spend e.g. computer equipment.

Where expenditure is determined not to add value to an asset and the asset is held at fair value the expenditure is treated as impairment and charged to the Comprehensive Income and Expenditure Statement in the year incurred.

Single assets below de minimis value are not reflected in the balance sheet except where the assets are part of a group and collectively their value exceeds the de minimis.

Where a schools transfers to an Academy the asset is derecognised where it is considered the majority of the life of the asset is used in the period of the lease

Valuation

Property, plant and equipment is initially measured at cost, being costs attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Thereafter the assets are valued, dependent upon their class, as follows:

- infrastructure, community assets and assets under construction – depreciated historic cost less any impairment loss where applicable;
- all other classes of asset – fair value.

Fair value is assessed as:

- council dwellings – existing use value - social housing with an adjustment factor (Vacant Possession Adjustment Factor) applied to the open market value to recognise the continuing occupation of a secure tenant;
- specialised assets for which there is no active market – depreciated replacement cost;
- non-property assets with short useful lives and/or low values – depreciated historic cost as a proxy for fair value;
- other properties - existing use value;
- non-property assets - fair value, market value or proxy for market value.

The asset values used in the accounts for property related assets are based upon certificates issued by the City Council's Valuation Officers and independent external valuers. Revaluations will be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period. The items within a class of property, plant and equipment are revalued over a short period to avoid the reporting of amounts in the financial statements that are a mixture of costs and values at different dates. Valuations shall be carried out at intervals of no more than five years.

Where specialised properties are built on land, the Council's valuer adopts a cost reflective approach to determine the value of the land in existing use. For properties valued under Depreciated Replacement Cost a percentage of the full replacement cost of the property is applied to the land. The valuer asserts that in this approach it provides an appropriate value for accounting purposes as distinct from applying market value in alternative use as a method which may result in an overstatement of value.

Gains arising on the revaluation of assets are taken to the Revaluation Reserve except where the asset has been subject to a previous revaluation or impairment loss in which case the gain is credited to the Comprehensive Income and Expenditure Statement to the extent that the carrying value of the assets returns to that which would have been the case if no previous revaluation loss or impairment had occurred. Any excess gain over this amount is credited to the Revaluation Reserve. Where a loss arises on revaluation this is charged to the Revaluation Reserve to the extent that a credit balance exists in the reserve and thereafter charged to the Comprehensive Income and Expenditure Statement.

With effect from 1 April 2010 the City Council has separately accounted for components of assets. Components are considered for recognition where individual buildings that are revalued to a fair value that is greater than £1m, have different useful lives and / or depreciation bases and the depreciation charges materially affect the statement of accounts.

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

Depreciation

The City Council does not charge depreciation in the year of acquisition, but does charge a full year's depreciation in the year of disposal. The general principle being that the value of assets is allocated to services over the periods expected to benefit from their use.

Property, plant and equipment are depreciated using the straight line method, over the useful economic lives as advised typically:

• Infrastructure	£15,000
• Buildings	£5,000
• Vehicles, Plant and Equipment	£2,000

Land is considered to have an indefinite useful life and is not depreciated but is subject to impairment review.

Impairment

The City Council undertakes an annual assessment as to whether any indication of impairment of its assets exists or that any impairment loss previously recognised may have decreased. If there is such an indication the recoverable amount of the asset is estimated to determine whether an impairment charge or reversal should be recognised.

Where an impairment is identified this is accounted for by writing off the impairment charge against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment reversal is identified it is credited to the Comprehensive Income and Expenditure Statement to the extent that the carrying value of the assets returns to that which would have been the case if no previous impairment had occurred. Any excess gain over this amount is treated as a revaluation gain and credited to the Revaluation Reserve.

Disposals and asset derecognition

When an asset or significant component of an asset is disposed of, derecognised, replaced or decommissioned the gain or loss on disposal, being the difference between the net disposal proceeds, if any, and the net carrying amount of the asset, is recognised in the Comprehensive Income and Expenditure Statement. Any revaluation gains in the Revaluation Reserve related to the asset or part thereof are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposal is payable to the Government. As a result of changes in legislation, as set out in amendments to the Local Government Act 2003, the City Council also has the option to retain 100% of some receipts (Non Right-to-Buy and 1-4-1 replacement) provided that they are used for the provision of affordable housing, regeneration projects or the repayment of housing debt. The balance of receipts is credited to the Usable Capital Receipts Reserve, and can then only be used to finance new capital investment or reduce the City Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Usable Capital Receipts Reserve via the Movement in Reserves Statement.

Revaluation on Disposal of Housing Assets

HRA assets disposed of under Right to Buy (RTB) legislation continue to be valued as operational assets up to the point of disposal. Once disposal takes place there is no revaluation to the discounted RTB value. This approach is in line with the CLG Guidance on Stock Valuation for Resource Accounting which authorities in England are required to follow.

PROVISIONS

The City Council sets aside provisions for any liabilities where the timing or the amount involved is uncertain. Provisions are only recognised when the City Council has a present obligation as a result of a past event, where it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Where the obligation is expected to be settled after more than one year and the effect of the time value of money is material, the amount of a provision reflects the present value of the expenditure expected to be required to settle the obligation.

RESERVES

The City Council sets aside specific amounts as reserves for future policy purposes or to cover future events / contingencies. When the expenditure to be financed from reserves is incurred, it is charged to the appropriate service revenue account in that year and included in net cost of services in the Comprehensive Income and Expenditure Statement. The corresponding amount is then transferred from the appropriate reserve account back into the General Fund to ensure that there is no net charge on the council tax for that year. The City Council's usable reserves include both usable earmarked reserves, which are set aside for specific purposes; and the General Reserve, which is set aside for future general use.

The City Council has a number of unusable reserves that are not able to be used to provide services. These represent unrealised gains and losses and adjustments between accounting basis and funding basis under regulation.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

SCHOOLS - FOUNDATION SCHOOLS AND ACADEMIES

In accordance with the "Schools Organisation" (Prescribed Alteration to Maintained School) (England) Regulation 2007, the freehold title to buildings occupied by any foundation school, is transferred from the City Council to the governing body of the school, together with any contractual obligations and benefits under any PFI contracts attached to the school buildings.

The City Council currently has several foundation schools. To determine the Balance Sheet treatment of Foundation School assets, the City Council has considered who bears the risk and rewards of ownership. It is the City Council's view that land is foundation school responsibility and is derecognised from the Councils balance sheet. Given that the Foundation School building is part of the PFI scheme, the accounting treatment is in line with IFRIC12 and is recognised on the balance sheet for the period of the PFI contract.

The City Council has a number of schools which have or are due to become Academies. It is the City Council's view that the academy schools as an independent entity bear a significant proportion of the risks and rewards relating to the school, hence the assets and liabilities of the academies are not consolidated into the City Council's Balance Sheet.

The City Council derecognises all of the assets and liabilities in the financial year applicable to the date specified in the academy conversion order for the schools to convert. Derecognition is applied in full and charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the financial year in which they were derecognised.

STOCK (INVENTORIES) AND WORK IN PROGRESS

Inventories are included in the accounts on the basis of the latest purchase price. Allowances are made for the loss of the value of obsolescent items. This treatment departs from the terms of IAS 2, but the effect is immaterial.

Work in progress is valued at cost including an allocation of overhead expenses.

VAT

VAT is included within the accounts only to the extent that it is irrecoverable. The City Council is able to recover VAT on nearly all its expenditure (input tax) and in addition, accounts for VAT on its income (output tax) where applicable.

VOLUNTARY AIDED AND VOLUNTARY CONTROLLED (FAITH) SCHOOLS

Following the publication of updated guidance from CIPFA the Council has reviewed its recognition and treatment of the various types of schools and the assets they operate from. Schools governing bodies are separate entities to the Council but (with the exception of academies and free schools) for the purpose of preparing financial statements they are within the group boundary and their activities must be reported. Despite the fact they are separate bodies, in recognition of the unique nature of the relationship Councils are required to report any material expenditure, income, assets and liabilities of these schools within its primary statements (not just its group statements). Specific consideration has to be given as to whether the assets from which these schools operate meet the necessary criteria (in terms of access to services and control) to be recognised as Council assets under IAS16.

In the City Council's case it has been judged that faith schools (voluntary aided or controlled) non-current assets are recognised as they are within the scope of IFRIC 12 PFI assets and are therefore recognised as it is considered they are controlled by the Council under that contract.

19 Glossary of Financial Terms

For the purpose of the Statement of Accounts and the interpretation of CIPFA's Code of Practice, where appropriate, the following definitions have been adopted.

1-4-1 Usable Capital Receipts

Where a property is sold under Right to Buy (RTB) a substantial proportion of the receipt is surrendered to HM Treasury. Stoke-on-Trent City Council entered into an agreement to enable some of these receipts to be retained in full, providing it is spent on affordable housing or regeneration. These receipts can only be used to fund 30% of any housing project.

Academy Schools

A school that chooses to opt out of Local Authority control and receives its funding direct from the Education Funding Agency.

Accounting Concepts

The fundamental accounting principles that are applied to ensure that the Statement of Accounts presents a 'true and fair' view of the financial performance and position of the Local Authority.

Accounting Policies

Accounting policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Authority that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy, for example, will specify the estimation basis for accruals where there is uncertainty over the amount.

Accounting Period

Also referred to as the 'financial year', this is the period for which the books are balanced and the financial statements are prepared. It consists of 12 months commencing 1 April & ending 31 March of the subsequent year.

Accruals

The concept that items of income and expenditure are recognised as they are earned or incurred, not as money is received or paid. Under this concept therefore inclusion or exclusion of an item of income or expenditure will depend on the period to which it relates, not the period in which it was received or performed.

Acquired Operations

Operations comprise the services and divisions of services that are defined in CIPFA's Standard classification of Income and Expenditure. Acquired operations are those operations of the Local Authority that are acquired in the period concerned.

Amortised Cost

Some assets and liabilities will be carried at 'amortised cost', where part of their carrying amount in the Balance Sheet will either be written down or written up via the Income and Expenditure Account over the term of the instrument.

Balance Sheet

This shows a summary of the overall financial position of the City Council at the end of the financial year.

Business Rates Pool

A contractual mechanism by which authorities share the risks and rewards of the business rates retention scheme. All member authority levy and safety net payments may be transacted through the pool, with the lead authority taking responsibility for holding and distributing any 'savings' on levies payable which may be created as a result of pool membership.

Business Rates Retention

The name for the new way of financing local government which specifies a percentage (set by law according to type of authority) of the business rates income collectible to be retained by local government. The system also designates each authority as either a tariff or top up authority, based upon an assessment of the resulting income to the local authority against an amount considered necessary to provide services. Tariff authorities pay into the system whilst top up authorities receive payments to provide services. The City Council is a top up authority.

Capital Expenditure

Expenditure on the acquisition of non-current assets or expenditure which adds to and does not merely maintain existing assets and that we will use or benefit from for more than a year (for example Land and Property).

Capital Adjustment Account

The balance on this account principally represents amounts set aside from revenue accounts, capital receipts used to finance capital expenditure and the excess of depreciation over the Minimum Revenue Provision.

Capital expenditure charged against the General fund.

Funding of capital expenditure from the general fund.

Capital Financing Requirement

A measure of an authority's underlying need to borrow or finance for a capital purpose. This is derived from the Balance Sheet.

Capital Receipts

Income received from the sale of capital assets.

Capitalisation Direction

The use of statutory powers by central government, to allow councils to capitalise expenditure that would normally be charged to a revenue account, in accordance with proper accounting practice.

Charge on Property

A Charge on Property is a legal charge placed on the sale of the property to secure the Council's debt in relation to a deferred payment agreement. The creditor agrees to have a legal charge put on their property that says their care will be paid for out of the sale of the property.

CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA). This is the professional organisation for accountants working in the public services.

Collection Fund

A fund accounting for Council Tax and Non-Domestic Rates received by the City Council, and the payments which are made from the fund, including precepts to other authorities, the City Council's own demand/local share and payments to central government.

Community Assets

Assets that the Local Authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal.

Consistency

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

Constructive Obligation

An obligation that derives from an authority's actions where:

- a. by an established pattern of past practice, public policies or a sufficiently specific current statement, the authority has indicated to other parties that it will accept certain responsibilities; and
- b. as a result, the authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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 Local Authority's control.

Contingent Liability

Possible future liabilities that will become certain on the occurrence of some future event. Contingent liabilities are not shown in the Balance Sheet, but disclosed in the notes to the accounts.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would have been 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.

Current Service Cost

Possible future liabilities that will become certain on the occurrence of some future event. Contingent liabilities are not shown in the Balance Sheet, but disclosed in the notes to the accounts.

Curtailment

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- a. termination of employees' services earlier than expected, for example, as a result of closing a factory or discontinuing a segment of a business; and
- b. termination of, or amendment to, the terms of a defined scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify for reduced benefits.

Creditors

Amounts owed by the City Council for goods and services where payments have not been made at the end of the financial year.

Debtors

Amounts owed to the City Council for goods and services where the income has not been received at the end of the financial year.

Dedicated Schools Grant

Grant monies provided by central government which must, by law, be ring-fenced to meet schools' budget expenditure.

Defined Benefit Pension Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Pension Scheme

A pension or other retirement scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passing of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset. Depreciation is a so-called 'non-cash' charge in so far as it merely reflects the accounting assessments of the loss in value.

Derecognition

Derecognition of a component of property, plant and equipment takes place when no future economic benefits are expected from its use (i.e. its service potential is used up) and it is removed from the Balance Sheet. The gain or loss arising from the derecognition of an asset is the difference between the net disposal proceeds (if any) and the carrying amount of the asset; this gain or loss shall be recognised in the Comprehensive Income and Expenditure Statement when the asset is derecognised.

Discontinued Operations

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as

- a. the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- b. the activities related to the operation have ceased permanently;

- c. the termination of the operation has a material effect on the nature and focus of the Local Authority's operation and represents a material reduction in its provision of local services resulting either from its withdrawal from a particular activity (whether a service or division of service or its provision in a specific geographical area) or from a material reduction in net expenditure in the Local Authority's continuing operations;
- d. the assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes.

Operations not satisfying these conditions are classified as continuing.

Discretionary Benefits

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, the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998, or the Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

Estimation Techniques

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes to reserves. Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis the amount will be arrived at using an estimation technique.

Exceptional Items

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

Expected Rate of Return on Pension Assets

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

Extraordinary Items

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

Fair Value

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

Fees and Charges

Income arising from the provision of services

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Financial Year

Also referred to as the 'accounting period', this is the period for which the books are balanced and the financial statements are prepared. It consists of 12 months commencing 1 April & ending 31 March of the subsequent year.

Formula Spending Share

Replaced the Standard Spending Assessment (SSA) methodology for allocating resources to local authorities according to their relative circumstances.

General Fund Revenue Account

Account providing details of all City Council services except those shown in the Housing Revenue Account and the Collection Fund.

Going Concern

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

Government Grants

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

Group Accounts

Accounts prepared on a group basis where local authorities have interests in certain other bodies which are material in aggregate.

Heritage Assets

Assets that are held by the Authority principally for their contribution to knowledge or culture whether the collections of assets and artefacts are exhibited to the general public or held storage. Heritage assets may include:

- a. ceramics, porcelain work and figurines
- b. art collections
- c. pottery machinery and ephemera
- d. archaeological collections

Housing Revenue Account (HRA)

Account showing the income and expenditure relating to the provision of council housing and related services.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the Balance Sheet.

Infrastructure Assets

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

Intangible Asset

This is an asset that does not exist in a physical sense but nevertheless has value to the Council and is used on a continuing basis, an example would be software licences.

Interest Cost

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

International Financial Reporting Interpretations Committee (IFRIC)

The IFRIC reviews, on a timely basis within the context of current International Financial Reporting Standards (IFRS's) and the IASB Framework, accounting issues that are likely to receive divergent or unacceptable treatment in the absence of authoritative guidance, with a view to reaching consensus on the appropriate accounting treatment.

International Financial Reporting Interpretations Standards (IFRS)

International Financial Reporting Standards are a set of 'principles-based' standards and interpretations which establish broad rules as well as dictating specific treatments, rather than following a prescriptive accounting code.

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Authority. Investments should be classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments which do not meet the above criteria should be qualified as current assets.

Investment Properties

Property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.

Leasing

Method of financing the provision of various capital assets, where we pay a rental charge for a certain period of time. There are two main types of leasing arrangement:

- a. Finance Lease - a lease that transfers substantially all of the risks and rewards of ownership of a non current asset to the lessee, from the lessor. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the assets.
- b. Operational Leases - a lease other than a finance lease. The leasing company owns the asset and the yearly rental is charged directly to the Comprehensive Income and Expenditure account.

Lifecycle Cost

Regular planned replacement of individual components, to ensure the condition of the whole asset remains up to standard.

Liquid Resources

Current 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.

Lender option/Borrower option (LOBOs)

Loans which have a fixed primary period at a relatively beneficial interest rate followed by a higher rate for the remaining period which can be changed by the lender at agreed intervals. The City Council, as a borrower, would be able to opt to repay the loan at the end of the primary period and every six months thereafter, but only if the lender chooses to change the quoted rates.

Long Term contracts

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

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to an authority's General Fund Revenue Account each year and set aside as a provision to meet the repayment of debt.

Net Book Value

Amount at which non current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

Cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Debt

The Authority's borrowings, less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

Net Interest Expense

This is the interest income on the pension plan's assets less the interest on the pension liability.

Net Realisable Value

Open market value of the asset in its existing use, less the expenses to be incurred in realising the asset.

Non Current Assets

Tangible assets that yield benefits to the Local Authority and the services it provides for a period of more than one year (NB also referred to as fixed assets). The classes of non current assets required to be included in the accounting statements are:-

- a. Property, Plant and Equipment
- b. Investment Property
- c. Intangible Assets
- d. Assets held for Sale
- e. Heritage Assets

Non Current Assets Held for Sale

The following conditions must be met for an asset to be classified as held for sale:

- a. management is committed to a plan to sell
- b. the asset is available for immediate sale
- c. an active programme to locate a buyer is initiated
- d. the sale is highly probable, within 12 months of classification as held for sale
- e. the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
- f. actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

Non-Distributed Costs

These are overheads that are not apportioned to services to accord with CIPFA's Service Reporting Code of Practice

Non-domestic Rates Challenges ('Appeals')

Non-domestic rate payers may challenge the rateable value of the property on which their liability is based. Also commonly referred to as 'appeals', successful challenges reduce the business rates income collectible and can be backdated into previous financial years.

Non-domestic rates levy/safety net

Part of the measures that have been built into the system of local government finance known as the business rates retention scheme to prevent disproportionate gains by local authorities. After the end of the financial year, each local authority's change in income for the financial year is measured and compared to its baseline funding (adjusted annually for RPI). This may lead to a local authority receiving a "safety net" payment, if the area experiences a significant drop in business rates, or being charged a "levy" if it has received a disproportionate benefit from the changes brought in under the rates retention system.

Non-domestic rates tariff/top-up

Part of the measures that have been built into the system of local government finance known as the business rates retention scheme to prevent disproportionate gains/losses by local authorities. A local authority's share of the forecasted amount of business rates collected within the local authority area (or business rate baseline) is compared to its baseline funding level. This exercise results in local authorities either being charged the excess as a tariff or being awarded top-up payments.

Other Surplus Sites

Small areas of land not providing operational services but not yet marked for disposal/redevelopment.

Past Service Cost

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.

Post Balance Sheet Events

Events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept

Demands made upon the Collection Fund by other authorities (Office of the Police and Crime Commissioner Staffordshire and Staffordshire Fire and Rescue Authority) for the services that they provide.

Prior Year Adjustments

Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

Private Finance Initiative (PFI)

PFI are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

Projected Unit Method

An accrued benefits valuation method in which the pension scheme liabilities make allowance for projected earnings. An accrued benefits valuation method in which scheme liabilities at the valuation date relate to:

- a. the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases; and
- b. The accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Provisions

Amounts set aside to meet liabilities or losses which are likely to be incurred but where the amount remains uncertain.

Prudence

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

Prudential Framework

The Prudential Framework replaced the credit approval mechanism previously used by central government to control borrowing for capital expenditure. Local authorities are now allowed to determine their own capital programmes according to prudent assessments of affordability. Authorities must set their spending plans in accordance with the CIPFA Prudential Code.

Public Work Loan Board (PWLb)

Central Government Agency which lends money to local authorities usually at interest rates which are more favourable than those elsewhere.

Related Party

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

Remeasurements

Remeasurement of the defined benefits obligation/liability relates to changes to the calculation of the pension liability as a result of:

- a. actuarial gains & losses
- b. the return on plan assets

Reserves

Earmarked reserves' are amounts set aside for a specific purpose in one financial year and carried forward to meet spending in future years. 'General reserves' are balances generally available to support revenue or capital spending.

Residual Value

The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

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. Retirement benefits do not include termination benefits payable as a result of either:

- a. an employer's decision to terminate an employee's employment before the normal retirement date;
- b. an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revaluation Reserve

The reserve containing net accumulating revaluation gains for PPE & Heritage assets from 1st April 2007.

Revenue Expenditure

Expenditure on the day to day running of the City Council including employee costs, running expenses and capital financing costs.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure which may properly be capitalised but which does not result in the creation of a non-current asset for the council.

Revenue Support Grant (RSG)

Grant paid to local authorities by Central Government to help finance its general expenditure. It is determined under the Formula Spending Share (FSS) System.

Scheme Liabilities

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

Senior Employee

These are typically an authority's Chief Executive (or equivalent), their direct reports (other than administration staff) and statutory chief officers. Potentially any employee having a responsibility of, and power to, direct or control the major activities of the body, in particular activities involving the expenditure of money.

Service Reporting Code of Practice (SeRCOP)

Prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) establishes proper practices with regard to consistent financial reporting for services. It is an official CIPFA statement - all local authorities in the United Kingdom are expected to adopt its mandatory requirements and detailed recommendations. It is also expected that CIPFA members will comply with all the discretionary requirements of SeRCOP as it defines best practice in terms of financial reporting.

Settlement

An irrevocable action that relieves the employer (or defined benefit pension scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:-

- a. a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension
- b. the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- c. the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme

Soft Loan

Where a Local Authority makes loan for policy reasons rather than as financial instruments which may be interest-free or at rates below prevailing market rates. The fair value of these loans should be estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument and for an organisation with a similar credit rating.

Stocks

The amount of unused or unconsumed inventory held in the expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use of consumption when it arises. Inventory comprises of the following categories:

- a. Consumable Stores;
- b. Maintenance Materials;
- c. Client Services Work in Progress
- d. Goods Acquired for Resale

Strategic Regeneration Sites

Assets acquired or earmarked to provide strategic development opportunities.

Supported Capital Expenditure (Capital) (SCE(C))

Assets acquired or earmarked to provide strategic development opportunities.

Supported Capital Expenditure (Revenue) (SCE(R))

Indicates the amount of revenue support given by central government to a local authority to meet financing costs as a result of borrowing for capital investment purposes.

Total Cost

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or brought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads which need to be apportioned in accordance with CIPFA's Service Reporting Code of Practice.

Useful Life

Period over which the Local Authority will service benefits from the use of a fixed asset.

Vacant Premises

Property assets not providing operational services but not yet marked for disposal/redevelopment.

Vested Rights

In relation to a defined benefit pension scheme, these are:

- a. for active members, benefits to which they would unconditionally be entitled on leaving scheme;
- b. for deferred pensioners, their preserved benefits;
- c. for pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependents.

Weighted Average Duration

The average time until payment of all expected cashflows in respect of pension plans

Whole of Government Accounts

Whole of Government Accounts (WGA) are full accounts covering the whole public sector and audited by the National Audit Office. WGA is a consolidation of the accounts of about 3800 bodies (including 2800 academies) from central government, devolved administrations, the health service, local government and public corporations.

