Statement of Accounts 2013/14

city of stoke on trent

Creating an effective and confident council

Mandate for change

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1 Explanatory Foreword

Welcome to the Statement of Accounts for Stoke-on-Trent City Council for the financial year 2013/14.

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 2014. 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 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 8,500 staff (including in schools), who deliver a diverse range of services for residents, local business and visitors to the City.

Corporate Aims and Objectives

Mandate for Change

The City Council, in 2011, agreed a clear vision and direction for the City in the form of the 'Mandate for Change' with its overriding ambition to make Stoke-on-Trent a Great Working City. This is the key policy and strategy document for the city council and is a shared view that is held by partners' city wide. The Mandate focuses on four strategic aims, which cover economic regeneration of the area and helping people live independent and healthy lives. A fifth aim is to deliver the four strategic aims through being a confident and effective council. The strategic aims are outlined below and help form the basis for the prioritisation and targeting of the scarce resources available to the City Council.

Make Stoke-on-Trent the place to bring business

The number one priority was identified as increasing the number of jobs. Concentrated effort has been placed on attracting inward investment. This is an established way of getting jobs into an area in a relatively short period of time. It is also a really good way of diversifying the employment opportunities across our city. A 'red carpet' approach to inward investment was launched, a single point of contact for investors has been set up and our planning process has been streamlined.

Support and develop existing business

Tailored solutions have been offered to enable growth, providing guidance and signposting to funding opportunities for local businesses. Quality advice and support for businesses to get appropriate accommodation to meet their requirements, helping companies to recruit the right workforce and facilitating access to supply chains and professional networks has also been a key priority.

Work with people to promote independence and healthy lives

The city council is striving in partnership with our schools and colleges to raise aspirations and improve attainment levels for all our children. Supporting and enabling independence for all families and adults remains one of our highest priorities, actively contributing to promoting healthy lives across the city, focusing on improving the health and wellbeing of our communities, increasing life expectancy and reducing health inequalities.

Make Stoke-on-Trent a great place to live

Raising the profile of the area for all the right reasons, developing a choice of high quality housing, improving and promoting the leisure and cultural offers and working in partnership continue to make the city safe.

Being a Confident and Efficient Council

The previous four strategic aims are underpinned by a commitment to become a more effective and confident council, ensuring that the people, systems and processes support the key strategic aims effectively as possible.

Over the last year the Mandate for Change has targeted investment into encouraging new business into the area, tackling the number of empty homes, helping people back into jobs, promoting independence and providing fair and easy access to care and other services.

Financial Position at 31st March 2014 – A review of the Year

It's been a challenging Year!

2013/14 has been a year of many changes as the Government's austerity measures continue to reduce funding across the public sector. In addition, The Local Government Finance Act 2012 has fundamentally altered the way in which local government is funded.

The resources available to a local area are increasingly dependent on the ability to grow local income streams particularly from business rates and new homes. This new emphasis is a clear departure from the traditional grant funding formula which predominantly distributed national grant support on the basis of the deprivation and the needs of the local population. This disconnect between needs and funding has hit the City Council harder than many other areas.

From 1 April 2013, all local authorities implemented a local council tax reduction scheme which replaced the previous national council tax benefits scheme. From this date, local authorities also became responsible for the Social Fund, which was previously administered by the Department for Work and Pensions; and Public Health responsibilities transferred into Local Government from the NHS.

During the year a number of pressures have been experienced mainly relating to demand on independent sector placements for children, increased complexity of cases within Learning Disability Services and delays in delivering procurement savings. These pressures were monitored closely throughout the year. Proactive plans to mitigate these pressures, vacancy management, cutting non-essential spend and a reduction in financing charges have brought the outturn back to an underspend position. Following the annual challenge of the balance sheet, it has been possible to release a number of earmarked reserves, setting aside the amount agreed to underpin the 2014/15 budget whilst savings are implemented.

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

Promoting and supporting independence and healthy living to our citizens

Protecting our most vulnerable people by enabling 8,500 older and younger people with disabilities to live at home independently through care packages and helping over 4,400 people to live safely at home with aids and equipment. Responding to and supporting 8,300 homelessness and housing standards requests.

Promoting health in our citizens by supporting over 3,000 smokers to quit and visiting schools in the City to deter and educate our young people from starting. Raising awareness of cancer to over 5,500 people at 135 events and increasing the active lives of 89 families.

Looking after our children

Investing in our future generations providing education to over 36,000 children in new and refurbished schools across the city dealing with over 10,000 school admission requests and responding to over 350 children's social care referrals per month.

Doing the basics

Collecting and disposing of 125,000 tonnes of waste from 113,000 households. Looking after 590 miles of roads and over 3,400 car parking spaces provided and maintained to support local business and the local economy.

Maintain over 1,380 hectares of parks and open space and support around 632,000 visits to libraries to give people places to relax and enjoy.

Managing our resources

While delivering savings of over £20m the City Council has produced and managed a balanced budget. The Council raises and collects over £1/4 billion of debt each year and pays over 103,000 invoices.

Over 35,000 benefit claimants are administered each year granting £117m in council tax support and housing benefit. Financial assessments are made for 10,600 adult social care service users.

Tenancy fraud investigations have resulted in 135 properties being recovered back to council stock. Over 1000 freedom of information requests and 854 member enquires were responded to.

Council Housing Services – Housing Revenue Account

Day to day expenditure on the City Council's housing stock, such as general property maintenance and other landlord costs, are funded by tenants' rents. By law, these monies can only be spent on council housing related matters and not on any other services provided by the council. Similarly, General Fund monies, including council tax revenues, cannot be used to fund council housing services.

The Housing Revenue Account (HRA) utilised £1.4m of reserves in 2013/14. This is £0.4m above the original budget.

The main expenditure increases during the year relate to responsive repairs to the City Council's housing stock that has reduced the need to carry out capital works.

The changes relating to the expected impact of Welfare Reform on housing rental income have not affected the HRA as sharply as expected on the HRA during the year meaning that the budget set aside for this purpose underspent by £1.3m.

The expected costs associated with servicing debt and other financing charges were not as high as anticipated due to the decision maintain the level of debt at its present level resulting in a saving of £2.9m.

Managing the budget - Summary Final Outturn - Revenue

Each year, the City Council aims to deliver its approved Medium Term Financial Strategy, spending money on key services to reflect local priorities and also those that have to be delivered by law.

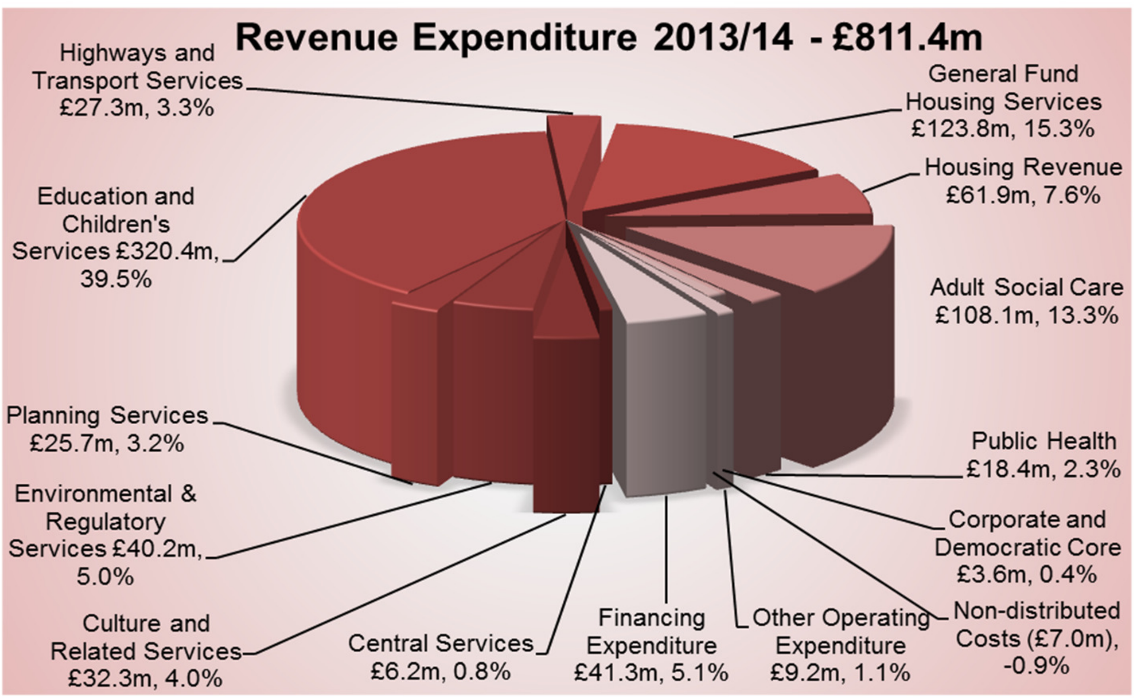
During the year total income exceeded expenditure by £2.8m, made up of a £4.2m surplus on the General Fund and a £1.4m deficit on the Housing Revenue Account.

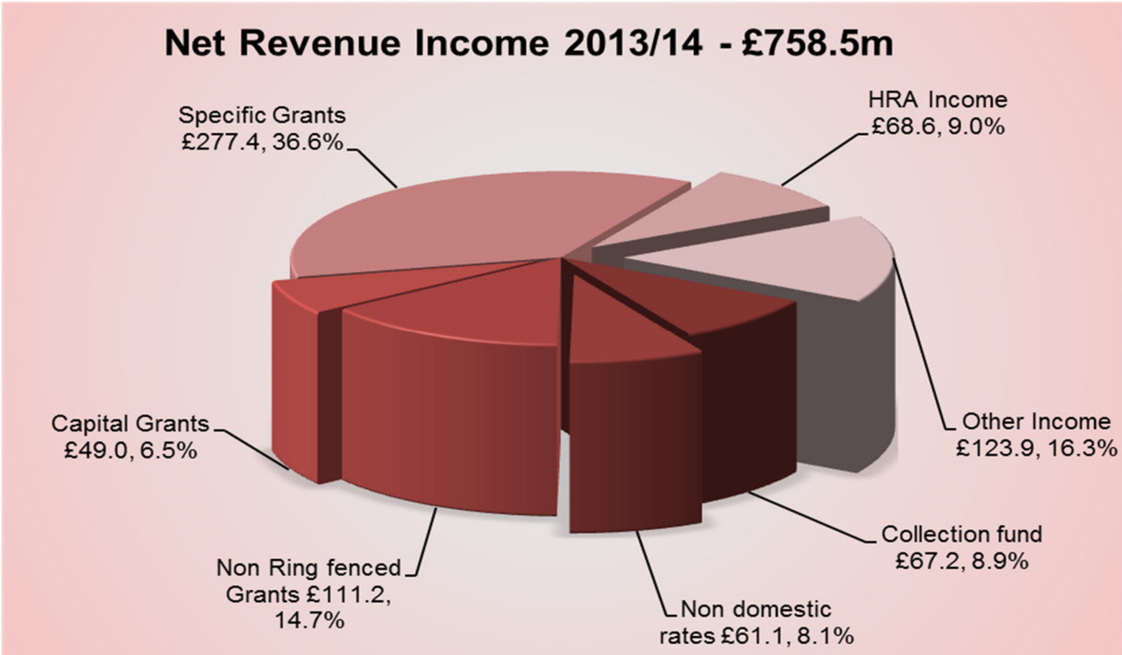
The table below shows the actual outturn and how these figures are reflected in the financial statements

	Expenditure	Income	Net
	£m	£m	£m
General Fund	709.6	713.8	(4.2)
Housing Revenue Account	70.0	68.6	1.4
Actual Outturn (Movement in balances)	**779.6**	**782.4**	**(2.8)**
Reconciliation to financial statements			
Net Cost of Services (note 6, pg 18)	760.8	469.9	290.9
Other Operating Income/Expenditure	50.6	288.6	(238.0)
Deficit/(surplus) for the year (note 6, pg 18)	**811.4**	**758.5**	**52.9**
Adjustment to the CIES under statute (note 8, pg 20)			**(81.3)**
Transfers to Earmarked reserves (note 8, pg 20)			**46.4**
Transfers from Earmarked Reserves (note 8, pg 20)			**(20.8)**
Movement in balances			**(2.8)**

The Council spends £811m annually to deliver services funded by £758m 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.

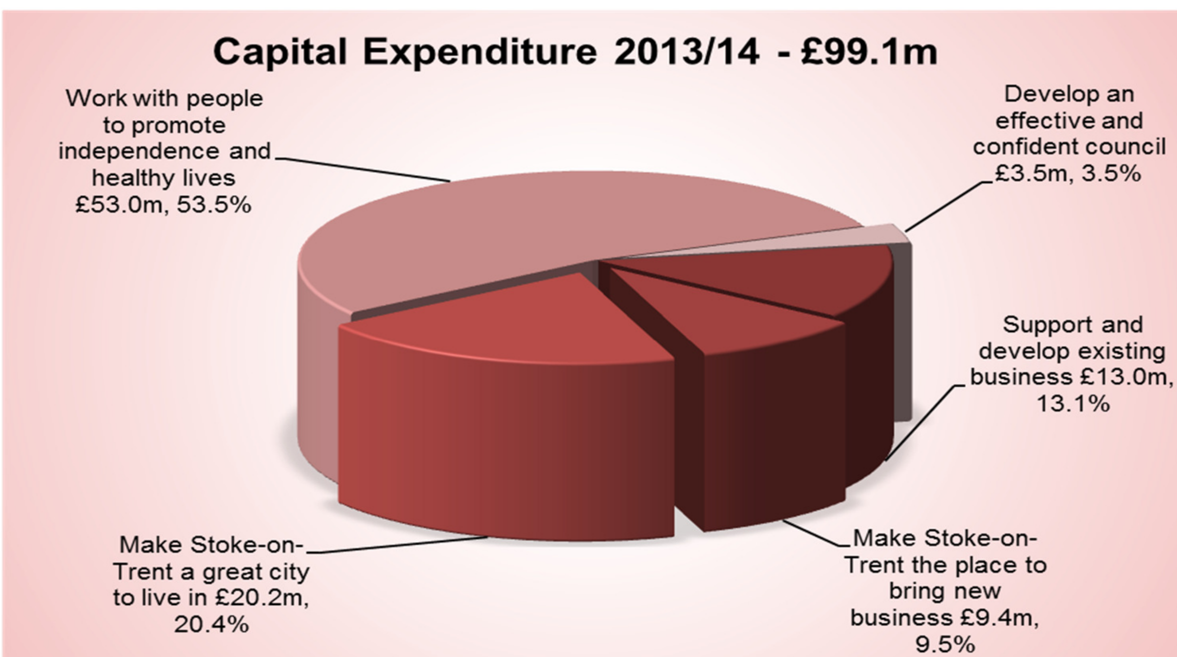
The following charts shows how the money was spent in 2013/14 and how it was funded.





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, infrastructure, housing, regeneration and private sector led projects. In 2013/14 the City Council spent £99.1m on capital expenditure, which is analysed in the following graph against the Mandate for Change priorities.



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

- Smithfield (Central Business District) saw the commencement of construction of the first buildings in the central business district main phase.

- The BSF programme achieved another significant milestone with the completion of Watermill School and Excel Academy allowing the new buildings open to pupils in January. The contractors have now taken possession of the legacy sites at Penkhull, Edensor, Mitchell and Berryhill sites and will be commencing decommissioning shortly. Kemball site has been emptied and handed over to the People Directorate for re-use as a multi-disciplinary centre for children with disabilities. The ICT Managed Service continues to perform well, with 12 schools now operational.

- Additional investment in the highways roads infrastructure has had a positive effect on reducing the existing backlog of highway repairs and also ensures that despite an increase in demand over the winter period the backlog of reported defects is still reducing (bucking the trend of the last three winters).

- The development of a new, full size, third generation floodlit, synthetic turf pitch at Northwood Stadium has been made possible through a combination of investments from the City Council and grants from the Football Foundation. Linked to this has been the refurbishment of the reception area and two changing rooms plus disabled toilet / changing provision.

- The planning application has been approved for 62 houses at City Waterside. Determination and funding agreement is completed and demolition and site clearance has taken place with new homes under construction. Balfour Street Refurbishment has seen sales of refurbished houses well underway with interest continuing to be shown by prospective purchasers.

Financial Health of the Council as at 31st March 2014

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 £35.6m.

School property and other assets to the value of £71.7m 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.

Capital Investment and Borrowing

The overall capital investment is financed through external support from government and other agencies, City Council internal funding in 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 £7.8m standing at £552.3m by the end of the year. A significant element, £381m, is covered by existing borrowing of £300m, existing and future PFI grants and other reserves of £81m. The remaining balance is closely monitored together with the management of cash reserves held by the council, standing at £38.5m by the year end, to determine the optimum time, duration and level of borrowing required. During 2013/14 the council repaid £3m of matured debt and is expected to borrow during 2014/15.

Future capital investment as approved by City Council in February 2014 is proposed at £295m over the next four years half of which is investment in the council housing stock and over £100m is targeted to attract new business to the city. The funding implications are financed by a mixture of council borrowing, capital receipts, grants and external support.

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 a deterioration of its pensions liability on the balance sheet since last year. This is because financial assumptions at 31st March 2014 are less favourable than they were at 31st March 2013. This has resulted in an increase of the pensions liability on the City Council's balance sheet of £70.0m (2012/13 increase of £69.0m) to £434.7m (2012/13 £364.7m). 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 12.15.

Reserves

The City Council's reserves consist of usable and unusable reserves. The Movement in Reserves Statement (section 8 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 is to be 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 2014/15 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 £109.6m 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.

General Fund Reserves	Non-Earmarked Reserve	Earmarked Reserves	Usable Capital Receipts & Capital Grants
	£m	£m	£m
Opening Balance (1 April 2013)	8.0	94.2	21.6
Contribution / (Use) 2013/14	4.2	15.4	(1.6)
Closing Balance (31 March 2014)	**12.2**	**109.6**	**20.0**

Housing Revenue Account Reserve

It was planned to use £1.0m of the HRA non-earmarked reserve in 2013/14, resulting in a HRA budgeted balance as at 31 March 2014 of £7.3m. 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 £8.3m and due to the activity during the year £1.4m of the reserve was utilised.

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 Revenue Account Reserves	Non-Earmarked Reserve	Earmarked Reserves
	£m	£m
Opening Balance (1 April 2013)	8.3	15.9
Contribution / (Use) 2013/14	(1.4)	8.0
Closing Balance (31 March 2014)	**6.9**	**23.9**

Financial Outlook 2014/15 – 2017/18

Having already made massive savings in the last three years, Stoke-on-Trent City Council again faces the prospect of more austerity next year and for the foreseeable future. These are extremely tough times. There is no denying that we simply cannot continue to provide the services in the manner we do currently. It is recognised that circa £100m needs to be found over the period 2014/15 – 2017/18, of which £20m has been agreed for 2014/15 and £2m savings are already in early development for 2015/16.

Given the size of the challenge, difficult choices need to be made. Regrettably we will lose more jobs at the City Council and, inevitably, some services will be reduced and fundamentally changed. It is clear that we will have to change what we do, and how we do it. A plan is being developed to successfully navigate the transition to a 'different' authority and meet the short term financial pressures that are faced.

Our Mandate for Change sets out that our vision is to create an independent city where businesses thrive, jobs are plentiful and where our children have a bright future ahead of them. This means that we must invest in our city in important areas such as:

- The Central Business District which will create jobs for our residents;
- Schools to provide our children with first class educational facilities;
- Roads and connectivity within the city to improve the infrastructure and public spaces.

Government financial support for the city and its inhabitants is fast diminishing. The link between need and government funding is now clearly severed and the gap between demand and funds widening. We have to become more independent of the Government and the only way to do this is ultimately through creating jobs and supporting growth in the city. More jobs means more spending power for our residents and growth in housing and businesses in the means greater income for the City Council to continue to provide much needed services.

We will continue to focus on supporting our most vulnerable residents to live more independently whilst ensuring that we have robust safeguarding services in place to protect them. We will continue to work closely with our partners, joining up services wherever possible, to reduce duplication and make it easier for residents to get support and advice in one place.

The City Council remains committed to providing services where people need to access them and we will consequently maintain a presence in the six towns. Included in the budget for 2014/15 are proposals to:

- Maximise income and funding streams
- Explore alternative delivery models for providing services
- Continue to reduce our number of properties
- Review our contracts to ensure best value
- Make efficiencies through challenging how services are designed

It is vital that the City Council continues to focus on investing in arrangements that will have a positive impact on the future of Stoke-on-Trent. The City Council's vision and direction is clear in the form of the 'Mandate for Change' with its overriding ambition to make Stoke-on-Trent a Great Working City. This is the key policy and strategy document for the City Council and is a shared view that is held by partners across the city.

Isabell Procter
Chief Operating Officer
Section 151 Officer
Date 25 September 2014

Further information about the accounts is available from:

Stoke-on-Trent City Council
Corporate Services Directorate
Financial Services Division
Civic Centre, Glebe Street,
Stoke-on-Trent,
ST4 1HH
Telephone (01782) 238633
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 via the website or the contact options shown above. The Statement of Accounts is also available in alternative formats, such as large print, Braille or alternative languages upon request, using the contact options above.

Authorisation of Accounts for Issue

This Statement of Accounts was approved in its pre-audit format and signed by the Section 151 Officer on 26th June 2014. In line with statutory requirements the accounts and supporting documentation are to be made available for a period of 20 working days commencing 30th June 2014.

Events after the Balance Sheet date have been considered up to 26th June 2014, in preparing the accounts.

Governance

The City Council consists of 44 members who cover 37 wards. The Leader and up to 9 other members make up the Cabinet. There are a number of other committees that are attended by selected members, for example, Overview and Scrutiny Committees, Regulatory Committees and Joint Committees.

The elected members are supported by the business management structure of Directorates, each headed by a chief officer reporting to the Chief Executive.

The Directorates (together with a brief overview of their functions) include:

- Chief Executive's Office and Corporate Services - The Chief Executive's Office is leading and promoting an effective and confident council for driving change and directing the delivery of the mandate for change aspirations. The Chief Executive's Office comprises the Chief Executive and a dedicated support team. The Assistant Chief Executive heads the Corporate Services directorate. The directorate's primary roles are to support all City Council services, keep the council safe and secure and drive organisational understanding and improvement. The directorate also includes some key frontline services. The roles of the directorate are the foundation to enable the City Council to be more effective and confident as outlined in the Mandate for Change.

- People - People Services covers a broad range of services for adults and children across the city. Work continues to take place within the directorate to explore and implement new ways of working and to integrate services on a locality basis to maintain and improve services. The directorate focuses on improving outcomes and services for local people and achieving key performance targets so the valuable and yet decreasing level of continuing resources are effectively targeted to achieve maximum impact. The directorate seeks to support the city's citizens to have independent and healthy lives in accordance with the Mandate for Change.

- Place - The directorate is focused upon the continued need to provide services across the city within the budget constraints whilst developing plans for regeneration and development to support the economic and growth aspirations of the city. The directorate brings together planning, transport, property services, and facilities management. It also performs a key role for the council in terms of highways and grounds maintenance, waste management as well as being the lead for the council on meeting our commitments to carbon reduction. The directorate leads for the Council on the Sustainable Growth agenda and Development and Regeneration agenda that support the City's aspirations. The directorate also leads on the creation of Green Energy projects and the council's interface with the Local Economic Partnership and the City Deal as well as the council's Strategic Infrastructure plan and it's response to HS2.

- Public Health - The Public Health directorate seeks to improve the health and well- being of the city's citizens. The service aims to reduce health inequalities across the whole life course. This includes a number of programmes that commission a wide range of service. Through these services it also looks to promote the uptake of better lifestyle choices and health care advice.

The City Council is required to publish an Annual Governance Statement for the financial year. This Statement explains how the City Council has complied with its responsibility to ensure that public money is safeguarded and properly accounted for and also used economically, efficiently and effectively. This statement will also explain the progress that the City Council has achieved in implementing the improvement actions outlined in the previous year's Annual Governance Statement.

Explanation of the Financial Statements

The primary statements within the document offer the reader a financial summary of the activities of the City Council. They are supported by disclosure notes providing more detailed explanation to assist the reader in interpreting and understanding the accounts.

The Core Financial Statements are:

- Comprehensive Income and Expenditure Statement – This statement summarises all the costs of providing all City Council services.

- Balance Sheet – This summarises the Council's financial position as at 31 March each year. It contains the assets and liabilities it holds and all reserves to show the council's net worth.

- Movement in Reserves Statement – This shows the movement in the year on the different reserves held by the authority.

- Cash Flow Statement – This summarises the flows of cash that have taken place in and out of the Council's bank accounts over the financial year.

The Supplementary Financial Statements comprise:

- Housing Revenue Account Income and Expenditure Account – This shows the economic cost of providing social housing services in the year.

- Movement on the HRA Statement – This summarises the increase or decrease in the Housing Revenue Account reserve.

- Collection Fund Statement – This summarises the receipts and payments relating to council tax and business rates.

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

Opinion on the Authority financial statements

We have audited the financial statements of Stoke on Trent City Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. 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 2013/14.

This report is made solely to the members of Stoke on Trent City Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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, 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 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 2014 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 2013/14 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.

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 2013, 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 2014.

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 2013, 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 2014.

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; and also
- completed our consideration of matters brought to our attention by local authority electors. We are satisfied that these matters do not have a material effect on the financial statements or a significant impact 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

Date: 30 September 2014

3 Statement of Responsibilities for the Statement of Accounts

<u>The Authority's Responsibilities</u>

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 151 Officer;
- 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 Audit Committee, I confirm that the accounts were approved by the Audit Committee at its meeting on 25th September 2014.

Councillor Abi Brown
Chair of the Audit Committee
Date 25 September 2014

<u>The Section 151 Officers' Responsibilities</u>

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.

<u>Certificate of Section 151 Officer</u>

I certify that this statement of accounts gives a true and fair view of the financial position as at 31 March 2014, financial performance and cash flow of the City Council for the year ended 31 March 2014.

Isabell Procter
Chief Operating Officer
Section 151 Officer
Date 25 September 2014

4 Accounting Standards that have been Issued but not yet Adopted

The 2013/14 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 2013/14 the following accounting policy changes that need to be reported relate to:

- IFRS 13 Fair Value Measurement
    - This item has been deferred by CIPFA/LASAAC until 2015/16.

- IAS 32 Financial Instruments: Presentation
    - Prevents the netting off of financial assets against liabilities unless the council has a legally enforceable right or intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

- IAS 1 Presentation of Financial Statements
    - The requirement to separately identify items which may first appear as other Comprehensive I&E may at a later stage form part of the cost of service.

The adoption of the standards above on 1 April 2014 will not result in a change to accounting policy.

Group Accounts Standards

- IFRS 10 Consolidated Financial Statements
    - Where the council has investments in associates and/or interests in joint ventures but no interests in subsidiaries, Group Accounts that include these interests in associates and joint ventures shall still be prepared.

- IFRS 11 Joint Arrangements
    - Where the council participates in, but does not have joint control of, a joint arrangement shall account for its level of interest in the entity.

- IFRS 12 Disclosure of Interests in Other Entities
    - Disclosure of interests, nature of interest, associated risks and effects the interest has on the financial statements of the council.

- IAS 27 Separate Financial Statements (as amended in 2011)
    - Reporting requirements for investments in subsidiaries, joint ventures and associates.

- IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)
    - Where an authority is a party to a joint venture, does not have joint control over that joint venture, but does have significant influence over that joint venture, the authority shall account for that joint venture as if it were an associate in accordance with IAS 28.

Their adoption will take place on 1 April 2014 to form part of the 2014/15 financial statements and where applicable and material will result in a change of accounting policy requiring the publication of a restated balance sheet. The Council will review its relationships with organisations but at present it is not considered the changes will have a material effect on the statement of accounts.

5 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:

- Municipal Mutual Insurance (MMI): On 30th September 1992 the principal insurer for Local Authorities, MMI became technically insolvent. Although the company went into run off it continued to pay all claims in full but a scheme of arrangement was negotiated with creditors and it was agreed that should the company's financial position deteriorate it would trigger the scheme and creditors would be required to payback a % of all claims paid post the scheme registration date. The scheme of arrangement allows for the scheme administrator to set the % levy and to vary that level with time dependent on the company's financial position. On 1st January 2014 the scheme was triggered with a % levy of 15% requiring an initial payment of £162,369. The final liability to the City Council is as yet not finalised but an estimate has been provided for.

- There is a high degree of uncertainty about future levels of funding for local government. The authority reviews its asset base and has determined 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.

- The authority is deemed to control 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 is also deemed to control 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.

- The City Council's schools are run under a number of arrangements including Local Authority, Foundation schools and Church schools. It is deemed that the City Council still retains a significant part of the risk and rewards of Local Authority run schools and hence their net assets should remain on the City Council's balance sheet. For Foundation and Church Schools as they form part of the PFI contract for which the City Council controls the delivery of services provided, the assets are recognised on the balance sheet. The status of the recognition alters where the City Council relinquishes control through the issuance on a long term lease or transfer of asset to an external agency. A number of schools have converted to Academy status, some of which have entered into a long term lease arrangement with the City Council on the properties they occupy. It is deemed that such schools bear a significant part of the risks and rewards of ownership of such assets and therefore have been de-recognised from the City Council's balance sheet. It is also deemed that Academies' current assets and liabilities are not to be consolidated into the City Council's balance sheet.

- The 2013/14 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 2014 the council has created sub-groups of assets for actual valuation and been provided with a professional valuation assessment of the remaining assets.

- A provision for Business Rates appeals has been established to recognise the amount that businesses have been overcharged up to 31 March 2014. The use of Valuation Office data has been applied to establish an estimate. For appeals not yet made a contingent liability is disclosed in the accounts.

- Changes to the local government pension scheme and the provisions for the calculation and payment of deductions and employers liability have been considered and will be provided by a fixed percentage of pay for the year supplemented by a 6 month and year end reconciliation to ensure the appropriate amounts are paid over to satisfy the requirements of the pension fund.

6 Comprehensive Income and Expenditure Statement

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

Restated 2012/13 Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	2013/14 Gross Expenditure £000	Gross Income £000	Net Expenditure £000
			Continuing Service Areas				
31,158	(26,776)	4,382	Central services to the Public		6,199	(3,154)	3,045
29,569	(10,692)	18,877	Cultural and related services		32,324	(8,919)	23,405
42,204	(20,774)	21,430	Environmental and regulatory services		40,234	(20,686)	19,548
21,671	(10,722)	10,949	Planning services		25,677	(9,192)	16,485
266,984	(201,624)	65,360	Education and children's services		272,716	(194,066)	78,650
182,912	-	182,912	Academies Impairment	12.02c	47,682	-	47,682
27,331	(10,808)	16,523	Highways and transport services		27,261	(11,071)	16,190
121,813	(98,807)	23,006	General fund housing services		123,815	(98,560)	25,255
54,879	(65,496)	(10,617)	Local authority housing	13.00	61,861	(68,586)	(6,725)
107,456	(31,875)	75,581	Adult social care		108,136	(34,066)	74,070
3,293	(401)	2,892	Corporate and democratic core		3,545	(356)	3,189
(1,813)	-	(1,813)	Non distributed costs		(7,030)	(215)	(7,245)
887,457	**(477,975)**	**409,482**	***Net Cost of Continuing Services***		**742,420**	**(448,871)**	**293,549**
-	-	-	Public Health Services transferred to Stoke-on-Trent City Council	12.16a	18,391	(21,000)	(2,609)
887,457	**(477,975)**	**409,482**	***Total Net Cost of Services***		**760,811**	**(469,871)**	**290,940**
		73	Levies and external contributions				67
		7,510	Loss/(Gain) on Disposal of Non current Assets				8,066
		876	Loss on Derecognition of Non current Assets				-
		962	Contribution of Housing capital receipts to Government Pool DCLG				1,094
		9,421	**Other Operating Expenditure**				**9,227**
		26,988	Interest Payable and similar charges	12.09b			24,287
		14,076	Net interest on the net defined benefit liability	12.15c			16,208
		(438)	Interest and investment income	12.09b			(331)
		622	Income and expenditure in relation to investment properties and changes in their fair value				1,660
		(408)	Other investment (income)/expense				(488)
		40,840	**Financing and Investment Income and Expenditure**				**41,336**
		(84,498)	Council Tax Income				(67,248)
		(121,360)	Non domestic rates	17.01			(61,138)
		(35,082)	Non-specific government grants	12.11a			(111,232)
		(101,778)	Capital grants and contributions	12.11a			(48,964)
		(342,718)	**Taxation & Non-Specific Grant Income**				**(288,582)**
		117,025	**(Surplus)/Deficit on Provision of Services**				**52,921**
		(37,049)	(Surplus)/Deficit arising on revaluation of Fixed Assets	12.05b			1,795
		59,125	Remeasurements on pension fund assets and liabilities	12.05c			59,886
		22,076	**Other Comprehensive Income and Expenditure**				**61,681**
		139,101	**Total Comprehensive Income and Expenditure**				**114,602**

7 Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

31 March 2013 £000		Notes	31 March 2014 £000
1,022,922	Property Plant and Equipment	12.06a	959,592
64,303	Heritage Assets	12.06b	64,766
9,535	Investment Property		7,874
4,176	Intangible Assets		3,268
1,707	Long Term Investments		19
3,425	Long Term Debtors	12.17a	1,262
1,106,068	**Long Term Assets**		**1,036,781**
38	Short Term Investments		-
3,101	Assets Held for Sale		2,868
566	Stocks		605
48,771	Short Term Debtors	12.17b	39,789
25,031	Cash & Cash Equivalents	12.09d	35,507
77,507	**Current Assets**		**78,769**
(7,590)	Short Term Borrowing	12.09a	(4,295)
(5,221)	Other Short Term Liabilities	12.09a	(5,818)
(68,006)	Short Term Creditors	12.18	(58,895)
(399)	Grants Receipts in Advance - Revenue		(538)
(2,979)	Grants Receipts in Advance - Capital	12.11aii	(1,574)
(1,666)	Provisions	12.10	(5,032)
(85,861)	**Current Liabilities**		**(76,152)**
(1,316)	Long Term Creditors	12.09a	(693)
(5,218)	Grants Receipts in Advance - Capital	12.11aii	(3,725)
(5,929)	Provisions	12.10	(4,334)
(299,771)	Long Term Borrowing	12.09e	(299,771)
(111,038)	Other Long Term Liabilities	12.09f	(101,061)
(364,714)	Net Pensions Liabilities	12.15d	(434,687)
(787,986)	**Long Term Liabilities**		**(844,271)**
309,728	**Net Assets**		**195,127**
8,010	General Fund Balance		12,253
94,193	Earmarked Reserves - General Fund	12.03	109,638
5,569	Usable Capital Receipts Reserve	12.04a	5,180
8,273	Housing Revenue Account Balance		6,876
10,060	Earmarked Reserves - HRA	12.03	20,098
5,872	Major Repairs Reserve		3,851
16,046	Capital Grants Unapplied	12.04b	14,819
148,023	**Usable Reserves**		**172,715**
394,370	Capital Adjustment Account	12.05a	331,595
136,920	Revaluation Reserve	12.05b	128,582
493	Collection Fund Adjustment Account	16.00	1,162
(364,714)	Pensions Reserve	12.05c	(434,687)
(9,659)	Accumulated Absences Account		(5,745)
(4,757)	Financial Instruments Adjustment Account		(4,663)
9,052	Deferred Capital Receipts Reserve	12.05e	6,168
161,705	**Unusable Reserves**		**22,412**
309,728	**Total Reserves**		**195,127**

8 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 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.

2013/14	***Note***	**General Fund Balance £000**	**General Fund Earmarked Reserves £000**	**Useable Capital Receipts £000**	**Housing Revenue Account £000**	**HRA Earmarked Reserves £000**	**Major Repairs Reserve £000**	**Capital Grants Unapplied £000**	**Total Useable Reserves £000**	**Unusable Reserves £000**	**Total Authority Reserves £000**
Balance at 31 March 2013 brought forward		**8,010**	**94,193**	**5,569**	**8,273**	**10,060**	**5,872**	**16,046**	**148,023**	**161,705**	**309,728**
Movement in Reserves During											
Surplus or (deficit) on provision of services accounting basis		(52,900)	-	-	(21)	-	-	-	(52,921)	-	**(52,921)**
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	(61,681)	**(61,681)**
Total Comprehensive Expenditure and Income	*6*	**(52,900)**	**-**	**-**	**(21)**	**-**	**-**	**-**	**(52,921)**	**(61,681)**	**(114,602)**
Adjustments between accounting basis & funding basis under regulations	*12.01*	72,678	-	(387)	8,659	-	(2,020)	(1,317)	77,613	(77,613)	-
Net Increase / (Decrease) before Transfers to Earmarked Reserves		**19,778**	**-**	**(387)**	**8,638**	**-**	**(2,020)**	**(1,317)**	**24,692**	**(139,294)**	**(114,602)**
Roundings		(1)		(2)	3	-	(1)	1	-	1	1
Transfers (from) General fund to Earmarked Reserves	*12.03*	(36,355)	36,358	-	(10,038)	10,038	-	(3)	-	-	-
Transfers to General fund (from) Earmarked Reserves	*12.03*	20,821	(20,913)	-	-	-	-	92	-	-	-
Increase / (Decrease) in Year		4,243	15,445	(389)	(1,397)	10,038	(2,021)	(1,227)	24,692	(139,293)	(114,601)
Balance at 31 March 2014		**12,253**	**109,638**	**5,180**	**6,876**	**20,098**	**3,851**	**14,819**	**172,715**	**22,412**	**195,127**
	Note		*12.03*	*12.04a*	*14*	*12.03*	*15.03*	*12.04b*	*7*	*7*	

Note 8 cont'd

2012/13	***Note***	**General Fund Balance £000**	**General Fund Earmarked Reserves**	**Useable Capital Receipts £000**	**Housing Revenue Account £000**	**HRA Earmarked Reserves**	**Major Repairs Reserve £000**	**Capital Grants Unapplied £000**	**Total Useable Reserves £000**	**Unusable Reserves £000**	**Total Authority Reserves £000**
Brought Forward Balance at 31 March 2012		**7,456**	**82,017**	**4,739**	**7,019**	**1,822**	**3,149**	**16,354**	**122,556**	**326,275**	**448,831**
Movement in Reserves During											
Surplus or (deficit) on provision of services accounting basis		(120,316)	-	-	3,291	-	-	-	(117,025)	-	**(117,025)**
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	(22,076)	**(22,076)**
Total Comprehensive Expenditure and Income	*6*	**(120,316)**	**-**	**-**	**3,291**	**-**	**-**	**-**	**(117,025)**	**(22,076)**	**(139,101)**
Adjustments between accounting basis & funding basis under regulations	*12.01*	133,108	-	829	6,201	-	2,723	(371)	**142,490**	(142,490)	**-**
Net Increase / (Decrease) before Transfers to Earmarked Reserves		**12,792**	**-**	**829**	**9,492**	**-**	**2,723**	**(371)**	**25,465**	**(164,566)**	**(139,101)**
Roundings		1		1	-	-	-		**2**	(4)	**(2)**
Transfers (from) General fund to Earmarked Reserves	*12.03*	(28,113)	28,113	-	(8,238)	8,238	-	-	**-**	-	**-**
Transfers to General fund (from) Earmarked Reserves	*12.03*	15,874	(15,937)		-	-	-	63	**-**	-	**-**
Increase / (Decrease) in Year		**554**	**12,176**	**830**	**1,254**	**8,238**	**2,723**	**(308)**	**25,467**	**(164,570)**	**(139,103)**
Balance at 31 March 2013 carried forward		**8,010**	**94,193**	**5,569**	**8,273**	**10,060**	**5,872**	**16,046**	**148,023**	**161,705**	**309,728**
	Note		*12.03*	*12.04a*	*14*	*12.03*	*15.03*	*12.04b*	*7*	*7*	

9 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.

2012/13 Restated £000			2013/14 £000	
	117,025	**Net (surplus) or deficit on the provision of services**		**52,921**
		Adjustments to net (surplus) or deficit on the provision of services for non-cash movements		
(32,455)		Depreciation	(33,498)	
(215,906)		Impairments & Downward valuations	(105,919)	
(1,824)		Amortisations	(1,711)	
397		Increase/(decrease) in impairment for provision for bad debts	(445)	
11,086		(Increase)/decrease in creditors	18,669	
1,558		Increase/(decrease) in debtors	(2,315)	
(67)		(Increase)/decrease in stock	39	
(9,882)		Movement in Pension Liability	(10,087)	
(15,140)		Net carrying amount of non-current assets sold	(15,324)	
(14)		Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	(3,809)	
(622)		Change in Fair Value of investment properties	(1,660)	
	(262,869)			(156,060)
		Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
77,148		Other receipts from investing activities	46,983	
4,039		Proceeds from the sale of property, plant and equipment, investment property and intangible assets	9,846	
	81,187			56,829
	(64,657)	**Net cash flows from Operating Activities**		**(46,310)**
		Investing Activities		
160,061		Purchase of property, plant and equipment, investment property and	90,050	
(3,915)		Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9,537)	
(910)		Proceeds from shot-term and long-term investments	(1,726)	
(77,148)		Other receipts from investing activities	(46,983)	
	78,088	**Net cash flows from investing activities**		31,804
		Financing Activities		
4,609		Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	5,696	
4,829		Repayments of short and long-term borrowing	4,829	
66		Other payments for financing activities	(6,495)	
	9,504	**Net cash flows from financing activities**		4,030
	22,935	**Net (increase) or decrease in cash and cash equivalents (per Balance Sheet)**		**(10,476)**
	47,966	**Cash and cash equivalents at the beginning of the reporting period**		25,031
	25,031	**Cash and cash equivalents at the end of the reporting period**		**35,507**

As the Authority uses the indirect method to produce the cash flow statement, it is a requirement to disclose the following items separately. In 2013/14, the amount of interest received was (£685,599) (£313,346 in 2012/13), interest paid £24,316,662 (£22,695,031 in 2012/13) and no dividends were received (£523,490 in 2012/13).

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.

10.01 Impact of Prior Period Adjustments

In June 2011 the International Accounting Board (IASB) issued a new version of IAS19. This applies to financial years starting on or after the 1st January 2013. The key changes are:

- Actuarial gains/losses & return on assets are now termed as 'remeasurements'. In addition, the actuarial gains/losses element of the remeasurements will be split between 'demographic assumptions' (such as employee turnover) 'financial assumptions' (such as future increases in salaries) and 'other experience'.
- The 'Return on Plan Assets' (mainly: interest, dividends & other income) is now shown within the remeasurements category. This means that it moves from being accounted for within the Financing & Investment Income & Expenditure of the Comprehensive Income & Expenditure Statement (CIES) to the Other Comprehensive Income & Expenditure part of the CIES. This changes the amount disclosed in each of those sections by £5.4m for the 2012/13 comparatives. It also changes the amount in the 'Adjustments Between Accounting Basis and Funding Basis Under Regulations' (note 12.01) comparatives by the same amount.
- The weighted average duration of the pension obligation is now shown.
- There is more narrative in respect of the governance of the pension scheme & the risks to the Authority.
- There is a more detailed breakdown of scheme assets. The aim of this is to split assets into classes that distinguish the nature and risk of those assets.

The changes to the 2012/13 comparative figures are illustrated in the table below.

Comprehensive Income and Expenditure Statement

	Net Expenditure	
	2012/13 Published £000	**2012/13 Revised £000**
Net Cost of Services		
SeRCOP Service areas	1,841	1,841
Non distributed costs	(6,035)	(6,035)
Financing and Investment Income and Expenditure		
Net interest on the net defined pension liability	8,678	14,076
(Surplus)/Deficit on Provision of Services	**4,484**	**9,882**
Other Comprehensive Income and Expenditure		
Remeasurements on pension fund assets and liabilities	64,523	59,125
Total Comprehensive Income and Expenditure	**69,007**	**69,007**

Movement in Reserves Statement

	General fund	Housing Revenue Account	Movement in Unusable Reserves
Pensions Reserve	**£000**	**£000**	**£000**
iv) Reversal of items relating to retirement benefits debited or credited to CIES			
2012/13 Original	(28,327)	(977)	29,304
2012/13 Revised	(33,545)	(1,157)	34,702
Movement	(5,218)	(180)	5,398
Surplus or (deficit) on provision of services accounting basis			
2012/13 Original	(115,098)	3,471	(111,627)
2012/13 Revised	(120,316)	3,291	(117,025)
Movement	(5,218)	(180)	(5,398)
Adjustments between accounting basis & funding basis under regulations			
2012/13 Original	127,890	6,021	(133,911)
2012/13 Revised	133,108	6,201	(139,309)
Movement	5,218	180	(5,398)

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 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

The 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 £116.925m.

Arrears

At 31 March 2014, the Authority had a balance of sundry debtors of £30.235m. A review of significant balances suggested that an impairment of doubtful debts of varied percentage dependent on the age of the debt was appropriate and this amounted to £6.602m. However, in the current economic climate it is not certain that such an allowance would be sufficient.

PFI and Similar Contracts

As at 31 March 2014 the Authority had committed to making unitary payments of £407.262m 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 energy inflationary factors were to change on the Schools PFI scheme, a 5% increase in costs per annum will require an additional £15.372m. If other inflationary factors were to change on all PFI schemes, a 1% increase in costs will require an additional £3.773m to be set aside to meet future commitments.

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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.

2013/14	Notes	General fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
		Useable Reserves					
Adjustments Primarily Involving:		£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	(23,821)	(9,677)	-	-	-	33,498
Impairment of Non-Current Assets	12.06d	(57,156)	(10,716)	-	-	-	67,872
Impairment of Non-dwelling HRA assets chargeable to the CIES		-	571	-	-	-	(571)
Revaluation losses on Property, Plant and 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
Capital grants and contributions applied	12.05a	39,721	56	-	-	-	(39,777)
Revenue Expenditure Funded from Capital Under Statute	12.05a	(5,960)	-	-	-	-	5,960
Revenue Expenditure Funded from Capital Under Statute - Funding	12.05a	4,856	-	-	-	-	(4,856)
Carrying amount of Non-Current Assets written off on disposal to the CIES	12.06a	(12,447)	(2,542)	-	-	-	14,989
Carrying amount of Non-Current Asset finance leases written off on disposal to the CIES			(335)				335
Carrying amount of Non-Current Assets written off on derecognition to the CIES	12.06a	-	-	-	-	-	-
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)
Service concession deferred income write back	12.09f	571	-	-	-	-	(571)
HRA repayment of debt	12.07b	-	2,194	-	-	-	(2,194)
Capital expenditure charged against the General Fund	12.07b	2,164	-	-	-	-	(2,164)
ii) **Capital Grants Unapplied Account**							
Capital Grants credited to 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 Adjustments Account**							
Financial instruments adjustment account	12.05d	127	(33)	-	-	-	(94)
iv) **Pensions Reserve**							
Reversal of items relating to retirement benefits debited or credited to CIES	12.05c /12.15c	(31,687)	(1,601)	-	-	-	33,288
Employer's contributions and direct payments made in year to pension fund	12.05c /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**							
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			-
Repayment from long term debtor	12.04a	-	-	(232)	-	-	232
Contribution from Capital Receipts Reserve to Government Capital Receipts Pool	12.04a	(1,094)	-	1,094	-	-	-
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	-	-
Use of major repairs allowance to finance new capital expenditure	12.07b	-	-	-	10,577	-	(10,577)
Total Adjustments		**(72,678)**	**(8,659)**	**387**	**2,020**	**1,317**	**77,613**

Note 12.01 cont'd

2012/13	Note	General fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
		Useable Reserves					
Adjustment Primarily Involving:		**£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	(22,673)	(9,782)	-	-	-	32,455
Impairment of Non-Current Assets	12.06d	(191,219)	(7,853)	-	-	-	199,072
Revaluation losses on Property, Plant and Equipment	12.06a	(16,648)	(186)	-	-	-	16,834
Movement in market value of Investment Properties		(622)	-	-	-	-	622
Amortisation of Intangible Assets		(1,824)	-	-	-	-	1,824
Capital grants and contributions applied	12.05a	89,188	400	-	-	-	(89,588)
Revenue Expenditure Funded from Capital Under Statute	12.05a	(6,440)	-	-	-	-	6,440
Revenue Expenditure Funded from Capital Under Statute - Funding	12.05a	5,180	-	-	-	-	(5,180)
Carrying amount of Non-Current Assets written off on disposal to the CIES	12.06a	(11,946)	-	-	-	-	11,946
Carrying amount of Non-Current Assets written off on derecognition to the CIES	12.06a	(3,194)	-	-	-	-	3,194
Insertion of items not debited or credited to the CIES							
MRP for capital financing	12.07c	16,509	875	-	-	-	(17,384)
County council loan principal repayment	12.09g	1,829	-	-	-	-	(1,829)
Service concession deferred income write back	12.08d	582	-	-	-	-	(582)
Voluntary repayment of debt	15.03	-	2,614	-	-	-	(2,614)
Capital expenditure charged against the General Fund and HRA Balances	12.07b	5,179	1,000	-	-	-	(6,179)
ii) **Capital Grants Unapplied Account**							
Capital Grants credited to CIES which are unapplied	12.04a	7,010	-	-	-	(7,010)	-
Transfer of grants applied to Capital Adjustment Account	12.04a	-	-	-	-	7,381	(7,381)
iii) **Financial Instruments Adjustments Account**							
Financial instruments adjustment account		118	(33)	-	-	-	(85)
iv) **Pensions Reserve**							
Reversal of items relating to retirement benefits debited or credited to CIES	12.05c /12.15d	(33,545)	(1,157)	-	-	-	34,702
Employer's contributions and direct payments made in year to pension fund	12.05c /12.15d	23,993	827	-	-	-	(24,820)
v) **Collection Fund Adjustment Account**							
Difference between amounts credited to the I&E Account and amounts to be recognised under statutory provisions relating to Council Tax		127	-	-	-	-	(127)
Business Rates		-	-	-	-	-	-
vi) **Accumulated Absences Account**							
Accumulated absences account		(502)	25	-	-	-	477
vii) **Deferred Capital Receipts Reserve**							
Transfer of deferred sale proceeds credited as part of gain/loss in disposal to the CIES	12.05e	2,715	-	-	-	-	(2,715)
viii) **Capital Receipts Reserve**							
Transfer of cash sale proceeds credited as part of gain/loss in disposal to the CIES	12.04b	4,039	-	(4,039)	-	-	-
Contribution from Capital Receipts Reserve to disposal costs		(2)	(99)	101			
Repayment from long term debtor	12.04b	-	-	(322)	-	-	322
Contribution from Capital Receipts Reserve to Government Capital Receipts Pool	12.04b	(962)	-	962	-	-	-
Use of Capital receipts to finance new capital expenditure	12.04b	-	-	2,469	-	-	(2,469)
xi) **Major Repairs Reserve**							
Major Repairs Allowance credited to HRA	15.03	-	9,782	-	(9,782)	-	-
Use of major repairs allowance to finance voluntary repayment of debt	15.03	-	(2,614)	-	2,614		-
Use of major repairs allowance to finance new capital expenditure	12.07b	-	-	-	4,445	-	(4,445)
Total Adjustments		**(133,108)**	**(6,201)**	**(829)**	**(2,723)**	**371**	**142,490**

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 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 Comprehensive Income and Expenditure Statement).
- 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*

2013/14	People Services	Public Health	Place	Corporate, Chief Exec & Civic Exps	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 Service 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 Payments	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**

2012/13	People Services	Place	Corporate, Chief Exec & Civic Exps	Benefit Payments	Housing Revenue Account	Non Departmental Costs	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, Charges & Other Service Income	(30,515)	(47,352)	(7,603)	-	(65,350)	(3,426)	(154,246)
Interest & Investment Income	(254)	(1)	-	-	(98)	(493)	(846)
Income from Council Tax	-	-	-	-	-	126	126
Income from NDR	-	-	-	-	-	(121,360)	(121,360)
Government Grants & Conts	(197,155)	(4,468)	(4,127)	(119,337)	(147)	(4,193)	(329,427)
Total Income	(227,924)	(51,821)	(11,730)	(119,337)	(65,595)	(129,346)	(605,753)
Employee Expenses	138,709	31,301	25,808	-	5,783	5,224	206,825
Other Service Expenses	25,173	20,905	598	-	14,993	30,308	91,977
Supplies & Services	57,592	31,805	7,345	364	11,349	2,041	110,496
Third Party Payment	105,375	14,795	174	-	15,610	325	136,279
Transfer Payments	(2,090)	1	-	118,528	(92)	-	116,347
Depreciation, Amortisation & Impairment	3	1,015	-	-	(99)	4,030	4,949
Interest Payments	-	-	-	-	7,015	7,652	14,667
Precepts & Levies	-	-	-	-	-	73	73
Payments to housing Capital	-	-	-	-	-	962	962
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	(3,915)	(3,915)
Total Expenditure	324,762	99,822	33,925	118,892	54,559	46,700	678,660
Net Expenditure	96,838	48,001	22,195	(445)	(11,036)	(82,646)	72,907

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 Comprehensive Income and Expenditure Statement.

2013/14	Service Analysis	*Less:* Amounts included in the Service Analysis not included in the net cost of service	*Add:* Amounts not included in the Service Analysis included in the net cost of service	Comprehensive Income and Expenditure Net Cost of Service	Other Expenditure, Taxation and Income	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(164,249)	-	(28,225)	**(192,474)**	-	**(192,474)**
Interest and 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 and	(385,096)	119,583	(11,884)	**(277,397)**	(160,196)	**(437,593)**
Total Income	**(610,590)**	**180,828**	**(40,109)**	**(469,871)**	**(288,913)**	**(758,784)**
Employee expenses	193,300	-	(318)	**192,982**	-	**192,982**
Pensions interest cost and expected return on pension assets	780	(780)	-	**-**	16,208	**16,208**
Other service expenses	95,601	(41,266)	34,614	**88,949**	(488)	**88,461**
Supplies & Services	101,112	-	(24,434)	**76,678**		**76,678**
Third Party Payment	158,807	-	-	**158,807**	-	**158,807**
Transfer Payments	99,167	-	-	**99,167**		**99,167**
Depreciation, amortisation and impairment	19,408	1,126	123,694	**144,228**	1,660	**145,888**
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	-	**-**	8,066	**8,066**
Total expenditure	**674,551**	**(47,296)**	**133,556**	**760,811**	**50,894**	**811,705**
Surplus or deficit on the provision of services	**63,961**	**133,532**	**93,447**	**290,940**	**(238,019)**	**52,921**

2012/13	Service Analysis	*Less:* Amounts included in the Service Analysis not included in the net cost of service	*Add:* Amounts not included in the Service Analysis included in the net cost of service	Comprehensive Income and Expenditure Net Cost of Service	Other Expenditure, Taxation and Income	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(154,246)	-	(30,782)	**(185,028)**		**(185,028)**
Interest and investment income	(846)	846	-	**-**	(846)	**(846)**
Income from council tax	126	(126)	-	**-**	(84,498)	**(84,498)**
Income from NDR	(121,360)	121,360	-	**-**	(121,360)	**(121,360)**
Government grants and	(329,427)	35,082	1,398	**(292,947)**	(136,860)	**(429,807)**
Total Income	**(605,753)**	**157,162**	**(29,384)**	**(477,975)**	**(343,564)**	**(821,539)**
Employee expenses	206,825	-	4,753	**211,578**	-	**211,578**
Pensions interest cost and expected return on pension assets	-	-	-	**-**	14,076	**14,076**
Other service expenses	91,977	(40,396)	33,222	**84,803**	-	**84,803**
Supplies & Services	110,496	-	(25,917)	**84,579**	-	**84,579**
Third Party Payment	136,279	-	(30)	**136,249**	-	**136,249**
Transfer Payments	116,347	-	-	**116,347**	-	**116,347**
Depreciation, amortisation and impairment	4,949	(3,931)	252,883	**253,901**	622	**254,523**
Interest Payments	14,667	(14,667)	-	**-**	26,988	**26,988**
Precepts & Levies	73	(73)	-	**-**	73	**73**
Payments to Housing Capital Receipts Pool	962	(962)	-	**-**	962	**962**
Gain or Loss on Disposal of Fixed Assets	(3,915)	3,915	-	**-**	8,386	**8,386**
Total expenditure	**678,660**	**(56,114)**	**264,911**	**887,457**	**51,107**	**938,564**
Surplus or deficit on the provision of services	**72,907**	**101,048**	**235,527**	**409,482**	**(292,457)**	**117,025**

12.02c Exceptional items in Net Cost of Services

Impairment of Schools

The accounting treatment of schools who have become (or are in the process of becoming) an Academy has been formalised and agreed with the auditors. Buildings, Vehicles, Property, Plant & Equipment, Infrastructure, Assets under construction and Intangible assets relating to schools who have either converted to an Academy in this year, or are formally in the process of doing so as at 31st March 2014, have been impaired to create a nil value asset in the Authority's accounts. This has resulted in an exceptional charge of impairment to the Net Cost of Services for Education and Children's Services of £47.7m. The assets are then formally de-recognised once the Academy is open or when the long term lease of the assets becomes effective (whichever is the later).

12.03 Transfers to/from Earmarked 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 2013/14.

	Note	Balance at 01 April 2012	Transfers From 2012/13	Transfers To 2012/13	Balance at 31 March 2013	Transfers From 2013/14	Transfers To 2013/14	Balance at 31 March 2014
		£000	£000	£000	£000	£000	£000	£000
General Fund:								
School-balances		**6,446**	(1,715)	2,754	**7,485**	(4,040)	3,044	**6,489**
Schools - DSG Reserve	*12.11b*	**5,820**	(36)	3,643	**9,427**	(4,955)	4,994	**9,466**
Education PFI		**23,288**	(778)	4,766	**27,276**	(1,204)	908	**26,980**
Street Lighting PFI		**7,827**	-	178	**8,005**	-	239	**8,244**
Insurance - self funding		**6,183**	(1,431)	1,971	**6,723**	(1,122)	2,221	**7,822**
Change Transformation Reserve		**2,282**	(34)	2,800	**5,048**	(2,000)	3,000	**6,048**
Invest to Save Reserve		**-**	-	5,000	**5,000**	-	2,000	**7,000**
Public Health Reserve		**-**	-	-	**-**	-	2,904	**2,904**
Redundancy Reserve		**721**	(721)	1,779	**1,779**	(1,779)	1,758	**1,758**
Revenue Support Future Capital		**-**	-	-	**-**	-	6,000	**6,000**
Grants, Contributions and Donations Received Unapplied.		**12,323**	(5,006)	2,430	**9,747**	(2,523)	2,791	**10,015**
Other Earmarked Reserves - held for future expenditure on various projects		**17,127**	(6,216)	2,792	**13,703**	(3,290)	6,499	**16,912**
Total General Fund	*7*	**82,017**	**(15,937)**	**28,113**	**94,193**	**(20,913)**	**36,358**	**109,638**
Net Movement of General Fund Earmarked Reserves							**15,445**	
HRA								
Housing Repairs Account		**-**	-	-	**-**	-	-	**-**
Housing Capital Reserve - to meet items of future capital expenditure		**1,138**	-	8,238	**9,376**	-	10,038	**19,414**
HRA Equipment		**684**	-	-	**684**	-	-	**684**
Service Charges		**-**	-	-	**-**	-	-	**-**
Total HRA	*7*	**1,822**	**-**	**8,238**	**10,060**	**-**	**10,038**	**20,098**
Net Movement of HRA Earmarked Reserves	*14*						**10,038**	
Total Earmarked Reserves		**83,839**	**(15,937)**	**36,351**	**104,253**	**(20,913)**	**46,396**	**129,736**

<u>Housing Revenue Account Earmarked Reserves</u>

The Housing Repairs Account and HRA Equipment Reserve shown within the Housing Revenue Earmarked Reserve Account were previously identified within other earmarked reserves.

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 2013 £000		Note	31 March 2014 £000
4,040	Amounts receivable in year	*12.01*	9,908
322	Amount receivable from long term debtors	*12.01*	232
(101)	Disposal Costs	*12.01*	(38)
(962)	Capital receipts pooling payment to DCLG	*12.01*	(1,096)
-	Amount voluntary set aside to pay off debt	*12.01*	-
(2,469)	Amounts applied to finance new capital investment in year	*12.07b*	(9,395)
830	**Total increase/(decrease) in realised capital**		**(389)**
4,739	Balance brought forward at 1 April		5,569
5,569	**Balance carried forward at 31 March**		**5,180**

12.04b Capital Grants Unapplied Reserve

31 March 2013 £000		Note	31 March 2014 £000
7,010	Capital grants received which have not been applied	*12.01*	4,330
(7,381)	Applied during the year transferred to capital adjustment ac	*12.05a*	(5,646)
63	Transfer between capital and revenue reserve	*8*	89
(308)	**Total increase/(decrease) in reserve during year**	*8*	**(1,227)**
16,354	Balance brought forward at 1 April		16,046
16,046	**Balance carried forward at 31 March**	*8*	**14,819**

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

2012/13		Note	2013/14	
£000			£000	£000
523,701	**Balance at 1st April**			**394,370**
(231,527)	Charges for depreciation and impairment of non current	*12.01*	(100,799)	
(16,834)	Revaluation losses on property, plant and equipment & non current assets held for sale		(38,047)	
(1,824)	Amortisation of intangible assets		(1,711)	
(1,260)	Revenue expenditure funded from capital under statute		(1,104)	
(11,946)	Amounts of non-current assets written off on disposal or sale as part of gain /loss on disposal		(15,324)	
(3,194)	Amounts of non-current assets written off on derecognition as part of gain/loss on derecognition		-	
(622)	Movement in market value of Investment Properties		(1,660)	
(267,207)				**(158,645)**
5,406	Adjusting Amounts written out of Revaluation Reserve	*12.05b*		6,543
(261,801)	**Net Written out amount of the cost of non-current assets consumed in the year**			**(152,102)**

2012/13		Note	2013/14	
£000			£000	£000
	Capital Financing applied in the year:			
2,469	Use of Capital Receipt reserve to finance new capital	*12.04b*		9,395
4,445	Use of major repairs reserve to finance new capital	*15.03*		10,577
2,614	Use of major repairs reserve to finance voluntary	*15.03*		1,120
-	HRA repayment of debt			1,074
89,588	Capital grants and contributions credited to the CIES applied to capital financing	*12.01*		39,777
7,381	Applications of grants to capital financing from capital grants unapplied account	*12.04b*		5,646
19,213	Statutory provision for the financing of capital investment charged against general fund and HRA			19,001
582	Service concession deferred income write back			571
6,179	Capital expenditure charged against the General fund			2,164
132,471				**89,325**
(1)	Other opening balance adjustments			2
-	Transfer to Revaluation Reserve re: IFRS	*12.05b*		-
(1)	**Other adjustments**			**2**
394,370	**Balance at 31 March**			**331,595**

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.

2012/13 £000		Note	2013/14 £000	2013/14 £000
105,281	**Balance at 1 April**			**136,920**
(4)	Other opening balance adjustment			-
-	Transfer from Capital Adjustment Account re: IFRS reclassification	12.05a		-
48,102	Upward revaluation of assets	12.06f	27,761	
(11,053)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	12.06f	(29,556)	
37,049	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services			(1,795)
(2,756)	Difference between fair value depreciation and historical cost depreciation		(3,203)	
(2,650)	Accumulated gains on assets sold or scrapped		(3,340)	
(5,406)	Amount written off to the Capital Adjustment Account	12.05a		(6,543)
136,920	**Balance at 31 March**			**128,582**

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.

2012/13 £000		Note	2013/14 £000
(295,707)	**Balance at 1 April**		**(364,714)**
(59,125)	Remeasurements of the net defined benefit liability/(asset)	12.15c	(59,886)
(34,702)	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	12.15c	(33,288)
24,820	Employer's pensions contributions and direct payments to pensioners payable in the year	12.15c	23,201
(364,714)	**Balance at 31 March**		**(434,687)**

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 (£33,291 in 2013/14) 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 2014 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. £127,166 was credited to CIES in 2013/14.

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 transfered 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.

2012/13 restated £000		2013/14 £000	2013/14 £000
6,659	**Balance at 1 April**		**9,052**
	Transfers to Useable Capital Receipts Reserve upon		
(322)	Kickstart (home improvement loans) cash receipts	(232)	
	Deferred Sale proceeds on non-current assets now	(62)	
			(294)
	Unrealised Capital Receipts removed from Deferred Capital Receipts Reserve		
2,260	Academy schools future unitary payments	(2,260)	
455	Deferred Sale proceeds on non-current assets	(330)	
			(2,590)
9,052	**Balance at 31 March**		**6,168**

12.06 Assets

12.06a Property, Plant and Equipment

Movements on Balances in 2013/14:

	Council Dwellings	Other Land and 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 and Equipment [1]
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
Opening Balance at 1st April 2013	**408,624**	**473,661**	**54,369**	**190,572**	**35,143**	**86,791**	**130,467**	**1,379,627**	**264,216**
Additions	10,553	13,125	12,299	7,603	59	2,954	46,541	**93,134**	9,416
Donations	-	-	-	-	-	140	-	**140**	-
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-	(10,310)	36	-	-	(672)	33	**(10,913)**	5,804
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	(53,133)	-	-	-	(7,791)	(1,722)	**(62,646)**	(32,813)
Derecognition Non-schools	-	(2,385)	(3,258)	(4,022)	-	(11,719)	-	**(21,384)**	(655)
Derecognition - School transfers	-	(22,564)	(9,708)	(271)	-	-	(39,135)	**(71,678)**	(22,478)
Reclassifications - other	8	96,772	2,477	735	(2,371)	(134)	(98,037)	**(550)**	-
Assets reclassified (to) / from Held for Sale	(2,823)	(1,536)	-	-	-	(1,774)	-	**(6,133)**	-
Other	-	-	-	-	-	-	-	**-**	-
At 31 March 2014	**416,362**	**493,630**	**56,215**	**194,617**	**32,831**	**67,795**	**38,147**	**1,299,597**	**223,490**
Accumulated Depreciation and Impairment									
Opening Balance as at 1st April 2013	**(41,624)**	**(122,611)**	**(27,294)**	**(39,990)**	**(442)**	**(40,541)**	**(84,203)**	**(356,705)**	**(113,256)**
Depreciation Charge in year	(8,196)	(14,787)	(4,433)	(5,493)	-	(448)	-	**(33,357)**	(6,401)
Depreciation written out to the Revaluation Reserve	-	12,363	44	-	-	634	-	**13,041**	2,158
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	23,165	-	-	-	1,499	-	**24,664**	17,008
Impairment (losses)/ reversals recognised in the Revaluation Reserve	-	(1,924)	-	-	-	(135)	(2,094)	**(4,153)**	(1,203)
Impairment (losses)/ reversals recognised in the Surplus / Deficit on the Provision of Services	(10,037)	(12,633)	(9,197)	(1,130)	(19)	(612)	(34,159)	**(67,787)**	(12,276)
Derecognition - Other	-	1,333	2,759	1,256	-	6,683	-	**12,031**	779
Derecognition - School transfers	-	22,564	9,708	271	-	-	39,135	**71,678**	22,478
Reclassifications - other	-	(69,353)	(77)	-	(68)	153	69,529	**184**	-
Assets reclassified (to) / from Held for Sale	377	22	-	-	-	-	-	**399**	22
Other	-	-	-	-	-	-	-	**-**	-
At 31 March 2014	**(59,480)**	**(161,861)**	**(28,490)**	**(45,086)**	**(529)**	**(32,767)**	**(11,792)**	**(340,005)**	**(90,691)**
Net Book Value									
At 31 March 2014	**356,882**	**331,769**	**27,725**	**149,531**	**32,302**	**35,028**	**26,355**	**959,592**	**132,799**
At 31 March 2013	**367,000**	**351,050**	**27,075**	**150,582**	**34,701**	**46,250**	**46,264**	**1,022,922**	**150,960**

[1] The 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.

Comparative Movements in 2012/13:

	Council Dwellings	Other Land and 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 and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
Opening Balance as at 1st April 2012	**405,034**	**435,714**	**50,817**	**182,418**	**35,081**	**107,583**	**87,468**	**1,304,115**	**227,436**
Additions	4,673	6,801	9,087	7,473	626	4,733	126,280	**159,673**	5,219
Donations	-	-	-	-	-	-	-	**-**	-
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-	(6,629)	-	-	-	(1,479)	-	**(8,108)**	119
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(29)	(18,435)	-	-	-	(8,299)	-	**(26,763)**	(10,202)
Derecognition - Non-schools	-	(902)	(1,671)	(4,528)	(672)	(13,548)	-	**(21,321)**	(61)
Derecognition - School Transfers	-	(16,138)	(6,766)	(4)	-	-	-	**(22,908)**	(16,138)
Reclassifications - other	1,688	73,838	2,904	5,625	108	(1,908)	(81,983)	**272**	57,961
Assets reclassified (to) / from Held for Sale	(2,742)	(453)	-	-	-	(291)	-	**(3,486)**	-
Other	-	(135)	(2)	(412)	-	-	(1,298)	**(1,847)**	(118)
At 31 March 2013	**408,624**	**473,661**	**54,369**	**190,572**	**35,143**	**86,791**	**130,467**	**1,379,627**	**264,216**
Accumulated Depreciation and Impairment									
Opening Balance as at 1st April 2012	**(27,602)**	**(41,921)**	**(21,622)**	**(34,871)**	**(1,012)**	**(44,420)**	**(2,004)**	**(173,452)**	**(26,680)**
Depreciation Charge in year	(8,242)	(14,211)	(4,385)	(5,091)	-	(392)	-	**(32,321)**	(7,886)
Depreciation written out to the Revaluation Reserve	-	11,279	-	-	-	269	-	**11,548**	271
Depreciation written out to the Surplus / Deficit on the Provision of Services	18	4,632	-	-	-	5,279	-	**9,929**	2,913
Impairment (losses)/ reversals recognised in the Revaluation Reserve	-	(4,404)	-	-	-	(1,444)	-	**(5,848)**	(4,346)
Impairment (losses)/ reversals recognised in the Surplus / Deficit on the Provision of Services	(6,049)	(92,930)	(9,488)	(1,320)	(102)	(6,612)	(82,366)	**(198,867)**	(92,809)
Derecognition - Non-schools	-	(11)	1,454	1,333	672	6,597	-	**10,045**	45
Derecognition - School Transfers	-	15,262	6,766	5	-	-	-	**22,033**	15,262
Reclassifications - other	3	(286)	(19)	(46)	-	182	167	**1**	-
Assets reclassified (to) / from Held for Sale	248	5	-	-	-	-	-	**253**	-
Other	-	(26)	-	-	-	-	-	**(26)**	(26)
At 31 March 2013	**(41,624)**	**(122,611)**	**(27,294)**	**(39,990)**	**(442)**	**(40,541)**	**(84,203)**	**(356,705)**	**(113,256)**
Net Book Value at 31 March 2013	**367,000**	**351,050**	**27,075**	**150,582**	**34,701**	**46,250**	**46,264**	**1,022,922**	**150,960**
Net Book Value at 31 March 2012	**377,432**	**393,793**	**29,195**	**147,547**	**34,069**	**63,163**	**85,464**	**1,130,663**	**200,756**

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 31/03/13	Net Book Value as at 31/03/14
	£'000	£'000
Administrative Buildings	43,483	38,604
Bus Station	15,268	15,149
Civic Amenity Sites	22,068	19,830
Car Parks	25,010	13,802
Cemeteries & Crematorium	2,561	1,766
Childrens Centres	10,104	6,226
Community	9,675	3,405
Coroners & Mortuary	626	607
Depots	2,802	660
Economic Development	10,241	12,352
Garages	3,420	3,242
Libraries & Museums	14,082	14,089
Local Centres	1,913	1,847
Markets	2,347	9,296
Miscellaneous	610	610
Other Educational Facilities	12,991	13,810
Public Conveniences	980	1,191
Recreation Facilities	31,318	33,893
Schools	99,152	105,699
Shops	2,955	2,599
Social Care Facilities	16,830	12,495
Theatre	20,133	19,073
Travellers Site	438	505
Youth Services	2,043	1,019
TOTAL	**351,050**	**331,769**

Surplus Assets

Surplus Assets are properties that do not directly support the provisions of services nor fully meet the IFRS criteria for 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. Within this category are a mixture of assets that are earmarked for strategic regeneration or are held for indeterminate use.

Analysis of Surplus Assets by type

2012/13		2013/14
£000		£000
24,906	Strategic regeneration sites	17,790
7,121	Cleared land not currently qualifying as held for sale	6,669
11,806	Vacant premises	8,390
2,417	Other surplus assets	2,179
46,250	**Balance at year end**	**35,028**

Revaluation of Property, Plant & Equipment

The Authority carries out a revaluation programme that ensures all items of Property, Plant and Equipment are revalued a 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, 10 properties were identified as requiring componentisation as at 31 March 2014. The effect of this componentisation will be realised in the carrying value of those assets as from 1 April 2014 and for the estimated RUL of each component.

All formal valuations for the reporting period to 31 March 2014 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 2013/14 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	-	159	27,191	1,731	**29,081**
Valued at Fair Value as at:					
31/03/2014	-	196,198	-	10,903	**207,101**
31/03/2013	-	102,140	-	7,503	**109,643**
31/03/2012	356,882	31,085	-	11,215	**399,182**
31/03/2011	-	371	158	2,150	**2,679**
31/03/2010	-	1,816	377	1,526	**3,719**
	356,882	**331,769**	**27,726**	**35,028**	**751,405**

12.06b Heritage Assets

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

Movements in 2013/14:

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

No significant movement in heritage assets has taken place during 2013/14.

Comparative Movements in 2012/13:

	Buildings	Collections	Statuary and Horological	Spitfire Aircraft	Total Assets
	£000	£000	£000	£000	£000
At 1 April 2012	2,487	21,423	416	500	**24,826**
Additions	173	-	-	-	**173**
Donations	-	-	-	-	**-**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-	39,220	-	250	**39,470**
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	**-**
Impairment losses recognised in the Revaluation Reserve	(14)				**(14)**
Impairment losses recognised in the Surplus/Deficit on the Provision of Services.	(18)	-	-	-	**(18)**
Derecognition - Disposals	-	-	-	-	**-**
Other movements in Cost or Valuation	-	-	-	-	**-**
Depreciation Charge	(134)	-	-	-	**(134)**
At 31 March 2013	**2,494**	**60,643**	**416**	**750**	**64,303**

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
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

Impairment Losses

a. 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 £49.5m of which £1.2m was charged to the Revaluation Reserve and £48.3m was charged to the General Fund Net Cost of Service. Additionally, £0.012m of Intangible Asset balances were charged as Impairment Losses to the Net Cost of Service.

b. The Authority recognised further impairment losses totalling £10.6m of which £7.7m was charged to the General Fund Net Cost of Service, and £0.1m against the HRA, with the remaining £2.8 charged against the Revaluation Reserve. 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. These properties are classified in Property, Plant and Equipment. A further impairment of £0.016m was charged to Intangible assets for a redundant system.

c. A review of 2013/14 capital expenditure was also undertaken to establish any requirement to make an impairment charge. This review concentrated on expenditure which was unlikely to have added significant value to the fixed assets involved. This resulted in a further impairment charge of £1.264m classified against Property, Plant & Equipment, of which £1.086m was charged to the Net Cost of Service and £0.178m to the Revaluation Reserve. Additionally, £0.043m of Intangible assets and £0.003m of Heritage assets were charged as Impairment Losses to the Net Cost of Service. A further charge of £0.009m was made against Non current assets held for sale.

d. A similar impairment review of 2013/14 capital expenditure on Housing assets resulted in Impairment Losses totalling £10.6m being charged to the Net Cost of Service.

Depreciation and Impairment of Non-Current Assets

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

	Note	Amortisation	Depreciation	Impairment
		£000	£000	£000
Property, Plant and Equipment	12.06a	-	(33,357)	(67,787)
Intangible Assets		(1,711)	-	(71)
Intangible Assets - Academy Schools		-	-	-
Non Current Assets Held for Sale		-	-	(9)
Investment Properties		-	-	-
Heritage Assets	12.06b	-	(141)	(3)
Total Depreciation and Impairment charged to Services		**(1,711)**	**(33,498)**	**(67,870)**

12.06e Maintained Schools

The Council has the following maintained schools:

	Community	Voluntary Controlled	Voluntary Aided	Foundation
Number of schools subject to PFI contracts	45	4	7	5
Value of land and buildings at 31st March 2014	£67m	£6m	£8m	£15m

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. Building values are only removed from the Balance Sheet for Academy schools who have entered into a long term lease with the Authority. 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 2013/14.

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 2014 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 only exception is the buildings relating to Academy schools, which are derecognised once a long term lease is entered into. 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.

12.06I Consolidated Managed Assets Note

The consolidtated asset note provides details of the elements of changes to asset classes as result of investment, depreciation and revlauation and the effect their effect on the surplus/deficit on the provsion 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)

Movements on Balances in 2013/14:

	Note	Council Dwellings	Other Land and Buildings	Vehicles, Plant , furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	Heritage Assets	Intangible Assets	Assets Held for Sale	Investment Property
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation balance b/f		408,624	473,661	54,369	190,572	35,143	86,791	130,467	**1,379,627**	64,740	10,544	4,183	9,596
Accumulated Depreciation and Impairment balance b/f		(41,624)	(122,611)	(27,294)	(39,990)	(442)	(40,541)	(84,203)	**(356,705)**	(437)	(6,368)	(1,082)	(61)
Net Book Value b/f		**367,000**	**351,050**	**27,075**	**150,582**	**34,701**	**46,250**	**46,264**	**1,022,922**	**64,303**	**4,176**	**3,101**	**9,535**
In year transactions which add to the assets 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 - Gain	12.01	-	-	-	-	-	-	-	**-**	-	-	-	36
Movement in Market Value of Investment Property - Loss	12.01	-	-	-	-	-	-	-	**-**	-	-	-	(1,696)

	Note	Council Dwellings	Other Land and Buildings	Vehicles, Plant , furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	Heritage Assets	Intangible Assets	Assets Held for Sale	Investment Property
		£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)	(14,787)	(4,433)	(5,493)	-	(448)	-	**(33,357)**	(141)	-	-	-
Amortisation Charge in year	12.01	-	-	-	-	-	-	-		-	(1,711)	-	-
Impairment recoverable from previous upward revaluations													
Capital spend which has been deemed not to add an equivalent value	12.05b	-	(166)	-	-	-	(13)	-	**(179)**	-	-	-	-
Loss in value due to demolitions, site 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)**	-	-	-	-
Impairment requiring an additional charge to the Net Cost of Service													
Capital spend which has been deemed not to add an equivalent value	12.01	(10,037)	(207)	(310)	(908)	(19)	(204)	-	**(11,685)**	(3)	(43)	(9)	-
Loss in value due to demolitions, site aggregation, etc.	12.01	-	645	(1)	-	-	(409)	(7,987)	**(7,752)**	-	(16)	-	-
Loss of service use due to school applying for Academy Status	12.01	-	(13,071)	(8,888)	(222)	-	-	(26,172)	**(48,353)**	-	(12)	-	-
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 Asset transfers	12.01	-	(240)	(5)	-	-	-	-	**(245)**	-	-	-	-
Transfers of Land assets for schools becoming foundations	12.01	-	-	-	-	-	-	-	**-**	-	-	-	-
Other disposal transactions	12.01	-	-	(370)	-	-	(140)	-	**(510)**	-	-	-	-
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	27,419	2,400	735	(2,073)	19	(28,508)	**-**	-	-	-	-
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	424,226	56,215	194,617	32,832	67,796	107,550	**1,299,598**	65,284	11,105	3,985	7,897
Accumulated Depreciation and Impairment balance c/f		(59,480)	(92,457)	(28,490)	(45,086)	(530)	(32,768)	(81,195)	**(340,006)**	(518)	(7,837)	(1,117)	(23)
Net Book Value At 31 March 2014		**356,882**	**331,769**	**27,725**	**149,531**	**32,302**	**35,028**	**26,355**	**959,592**	**64,766**	**3,268**	**2,868**	**7,874**

Movements on Balances in 2012/13:

	Note	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant , furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	Heritage Assets £000	Intangible Assets £000	Assets Held for Sale £000	Investment Property £000
Cost or Valuation balance b/f		405,034	435,714	50,817	182,418	35,081	107,583	87,468	**1,304,115**	25,097	9,871	3,973	10,549
Accumulated Depreciation and Impairment balance b/f		(27,602)	(41,921)	(21,622)	(34,871)	(1,012)	(44,420)	(2,004)	**(173,452)**	(271)	(4,360)	(1,117)	(131)
Net Book Value b/f		**377,432**	**393,793**	**29,195**	**147,547**	**34,069**	**63,163**	**85,464**	**1,130,663**	**24,826**	**5,511**	**2,856**	**10,418**
In year transactions which add to the assets value													
Additions / Enhancements through Capital Expenditure	12.07b	4,673	6,801	9,087	7,473	626	4,734	126,280	**159,674**	173	673	3	11
Abortive Costs write off	12.07b	-	(161)	(2)	(412)	-	-	(1,298)	**(1,873)**	-	-	-	-
Donations		-	-	-	-	-	-	-	**-**	-	-	-	-
In year transactions which change assets value as a result of formal revaluation													
Upward Revaluations recognised in the Revaluation Reserve	12.05b	-	8,513	-	-	-	119	-	**8,632**	39,470	-	-	-
Downward Revaluations recognised in the Revaluation Reserve	12.05b	-	(3,862)	-	-	-	(1,329)	-	**(5,191)**	-	-	-	-
Upward Revaluations recognised in the Surplus / Deficit on the Provision of Services	12.01	-	547	-	-	-	192	-	**739**	-	-	-	-
Downward Revaluations recognised in the Surplus / Deficit on the Provision of Services	12.01	(11)	(14,351)	-	-	-	(3,212)	-	**(17,574)**	-	-	-	-
Movement in Market Value of Investment Property - Gain	12.01	-	-	-	-	-	-	-	**-**	-	-	-	-
Movement in Market Value of Investment Property - Loss	12.01	-	-	-	-	-	-	-	**-**	-	-	-	-

	Note	Council Dwellings	Other Land and Buildings	Vehicles, Plant , furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	Heritage Assets	Intangible Assets	Assets Held for Sale	Investment Property
		£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	(8,242)	(14,211)	(4,385)	(5,091)	-	(392)	-	**(32,321)**	(134)	-	-	**-**
Amortisation Charge in year	12.01	-	-	-	-	-	-	-		-	(1,824)	-	**-**
Impairment recoverable from previous upward revaluations													
Capital spend which has been deemed not to add an equivalent value	12.05b	-	(63)	-	-	-	(1)	-	**(64)**	(14)	-	-	-
Loss in value due to demolitions, site aggregation, etc.	12.05b	-	-	-	-	-	(1,443)	-	**(1,443)**	-	-	-	-
Loss of service use due to school applying for Academy Status	12.05b	-	(4,341)	-	-	-	-	-	**(4,341)**	-	-	-	-
Impairment requiring an additional charge to the Net Cost of Service													
Capital spend which has been deemed not to add an equivalent value	12.01	(6,049)	(365)	(1,391)	(1,259)	(102)	(270)	-	**(9,436)**	(18)	(78)	(3)	**-**
Loss in value due to demolitions, site aggregation, etc.	12.01	-	24	(286)	-	-	(6,342)	-	**(6,604)**	-	-	-	**-**
Loss of service use due to school applying for Academy Status	12.01	-	(92,589)	(7,811)	(60)	-	-	(82,366)	**(182,826)**	-	(106)	-	**-**
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	-	-	-	-	-	(6,951)	-	**(6,951)**	-	-	-	-
Other Sales (incl RTBs)	12.01	-	-	-	-	-	-	-	**-**	-	-	(2,989)	-
Community Asset transfers	12.01	-	(1,314)	(34)	-	-	-	-	**(1,348)**	-	-	-	-
Transfers of Land assets for schools becoming foundations	12.01	-	(879)	-	-	-	-	-	**(879)**	-	-	-	-
Other disposal transactions	12.01	-	401	(183)	-	-	-	-	**218**	-	-	-	-
Derecognition due to asset replacement / write off	12.01	-	-	-	(3,194)	-	-	-	**(3,194)**	-	-	-	-
Assets transferred to / from other categories in year													
Reclassifications within PPE		1,692	73,404	2,885	5,578	108	(1,734)	(81,933)	**-**	-	-	-	-
Reclassifications from IP		-	148	-	-	-	7	117	**272**	-	-	-	(272)
Assets moved to Held for Sale		(2,558)	(448)	-	-	-	(291)	-	**(3,297)**	-	-	3,297	-
Assets moved from Held for Sale		63	-	-	-	-	-	-	**63**	-	-	(63)	-
Cost or Valuation balance c/f		408,624	473,661	54,369	190,572	35,143	86,791	130,467	**1,379,627**	64,740	10,544	4,183	9,596
Accumulated Depreciation and Impairment balance c/f		(41,624)	(122,611)	(27,294)	(39,990)	(442)	(40,541)	(84,203)	**(356,705)**	(437)	(6,368)	(1,082)	(61)
Net Book Value At 31 March 2013		**367,000**	**351,050**	**27,075**	**150,582**	**34,701**	**46,250**	**46,264**	**1,022,922**	**64,303**	**4,176**	**3,101**	**9,535**

12.07 Capital

12.07a Capital Commitments

At 31 March 2014, the Authority has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2014/15 and future years budgeted to cost £134m. Similar commitments at 31 March 2013 were £194.8m. The major commitments are:

Capital Scheme	**£m**
Housing Stock Maintenance	93.2
Smithfield (Central Business District)	32.1
BSF Design & Build Contracts	6.9
BSF ICT Infrastructure	1.8
Total Commitments	**134.0**

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.

2012/13 £000		*Note*		**2013/14 £000**
515,084	Opening Capital Financing Requirement			**544,945**
-	Impairment charge for non dwelling HRA assets chargeable to HRA I&E			(570)
	Capital investment			
159,674	Property, Plant and Equipment	*12.06a*		93,274
173	Heritage Assets	*12.06b*		75
11	Investment Properties			-
673	Intangible Assets			877
3	Assets Held for Sale			9
6,440	Revenue Expenditure Funded from Capital under Statute	*12.05a*		5,960
-	Settlement payment to government for HRA self-financing			-
(1,873)	Capital Expenditure Reclassified as Revenue			-
	Sources of finance			
(2,469)	Capital receipts reserve applied to finance capital expenditure	*12.04a*		(9,395)
(94,768)	Government grants & other contributions received in year & applied to fund fixed asset expenditure	*12.05a*	(39,777)	
-	Government grants & other contributions received in year & applied to fund REFCUS		(4,856)	
(7,381)	Government grants & other contributions applied from reserves	*12.04a*	(5,647)	
				(50,280)
(4,445)	Use of Major Repairs Reserve	*15.03*		(10,577)
(5,179)	Direct revenue contributions - General Fund	*12.05a*		(2,164)
(1,000)	Direct revenue contributions - HRA	*12.05a*		-
(17,384)	Minimum Revenue Provision	*12.07c*		(17,172)
-	Amount voluntarily set aside to pay off debt			-
(2,614)	HRA repayment of debt (principal & leasing)			(2,194)
544,945	**Closing Capital Financing Requirement**			**552,788**
48,938	Increase in underlying need to borrowing (unsupported by government financial assistance)			26,803
(17,384)	Decrease in underlying need to borrow (MRP and Voluntary Debt	*12.07c*		(17,172)
(2,614)	Decrease in underlying need to borrow (HRA Voluntary Debt Repayment)	*12.05a*		(2,194)
923	Assets acquired under PFI/PPP contracts			976
-	Impairment charge for non dwelling HRA assets chargeable to HRA CIES			(570)
29,863	**Increase/(decrease) in Capital Financing Requirement**			**7,843**

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 2013/14 is:

2012/13 Restated £000	**Minimum Revenue Provision**	*Note*	**2013/14 £000**
10,954	Other services		11,438
	Private Finance Initiative		
2,156	▪ Schools	*12.08d*	2,365
1,371	▪ Street lighting	*12.08d*	1,318
114	▪ Bentilee District Centre	*12.08d*	37
1,914	▪ Hanford Waste	*12.08d*	2,014
16,509			**17,172**

12.08 PFI and 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

2013/14 was the 13th 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

2013/14 was the tenth 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

2013/14 was the seventh 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

2013/14 was the 19th 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 incinerator 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.

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 £'000s	Street Lighting £'000s	Bentilee District Centre £'000s	Hanford Waste £'000s	Total £'000s
Value as at 31 March 2013	101,158	26,385	4,443	18,975	150,961
Additions	8,440	-	-	-	8,440
Additions through PFI	-	419	-	557	976
Revaluations	(16,269)	-	(1,313)	(177)	(17,759)
De-recognitions	146	-	-	-	146
Depreciation/Impairment	(6,961)	(815)	(140)	(2,051)	(9,967)
Value as at 31 March 2014	86,514	25,989	2,990	17,304	132,797

33 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.

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 (£7.963m) has been expensed to the CIES in 2013/14.

	Schools £'000s	Street Lighting £'000s	Bentilee District Centre £'000s	Hanford Waste £'000s	Total £'000s
As at 31 March 2013	51,100	13,511	6,910	12,152	83,673
New loans raised	-	419	-	557	976
Interest added	4,901	1,352	955	755	7,963
OB/Prepayment Adjustment	-	(863)	(271)	-	(1,134)
Repayment of interest and liability	(7,266)	(2,133)	(1,262)	(2,769)	(13,430)
As at 31 March 2014	48,735	12,286	6,332	10,695	78,048

of which:

Short Term (note 12.09a)	5,124
Long Term (note 12.09f)	72,924
	78,048

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 ther 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 2014 (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	2,864	6,157	8,008	3,113	20,142	4,431	15,711
2 – 5 years	13,558	18,995	37,157	18,145	87,855	20,136	67,719
6 – 10 years	22,926	17,008	50,529	26,739	117,202	27,546	89,656
11 – 12 years	9,387	564	16,385	8,904	35,240	11,610	23,630
	48,735	**42,724**	**112,079**	**56,901**	**260,439**	**63,723**	**196,716**

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 the 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 £11.7m 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	397	1,641	789	706	3,533
2 – 5 years	2,040	6,373	3,409	3,006	14,828
6 – 10 years	4,082	7,160	4,791	4,200	20,233
11 – 15 years	5,767	4,931	4,917	4,024	19,639
	12,286	**20,105**	**13,906**	**11,936**	**58,233**

Bentilee District Centre PFI Scheme

Future Unitary Payments	Repayment of Liability	Interest	Service Charge	Total
	£000	£000	£000	£000
Within 1 year	312	932	912	2,156
2 – 5 years	1,119	3,319	4,011	8,449
6 – 10 years	1,701	3,406	6,028	11,135
11 – 15 years	1,611	1,576	8,074	11,261
16 – 19 years	1,589	463	3,789	5,841
	6,332	**9,696**	**22,814**	**38,842**

Hanford Waste Scheme

Future Unitary Payments	Repayment of Liability	Interest	Service Charge	Lifecycle Costs	Total
	£000	£000	£000	£000	£000
Within 1 year	1,551	2,046	3,619	571	7,787
2 – 5 years	7,280	8,030	15,409	2,431	33,150
6 – 7 years	1,864	1,723	4,578	646	8,811
	10,695	**11,799**	**23,606**	**3,648**	**49,748**

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	5,124	10,776	13,328	4,390	33,618
2 – 5 years	23,997	36,717	59,986	23,582	144,282
6 – 10 years	30,573	29,297	65,926	31,585	157,381
11 – 15 years	16,765	7,071	29,376	12,928	66,140
16 – 19 years	1,589	463	3,789	-	5,841
	78,048	**84,324**	**172,405**	**72,485**	**407,262**

12.08d Income and Expenditure

Transactions under the schemes during 2013/14 were:

	Schools		Street Lighting		Bentilee District Centre		Hanford Waste	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Fair Value of Services	10,872	11,110	2,454	2,208	718	591	3,463	3,891
Finance Cost	5,100	4,901	892	1,352	1,249	955	845	755
Contingent Rent	1,372	349	110	296	52	20	1,201	1,298
Revenue Unitary Payments	**17,344**	**16,360**	**3,456**	**3,856**	**2,019**	**1,566**	**5,509**	**5,944**
Recharge to Academies	(1,501)	(2,172)	-	-	-	-	-	-
Other Revenue Expenditure	48	99	47	17	-	-	3,168	3,902
Depreciation	4,974	3,397	808	815	69	140	2,061	2,051
Total Expenditure	**20,865**	**17,684**	**4,311**	**4,688**	**2,088**	**1,706**	**10,738**	**11,897**
PFI Special Grant	(8,294)	(8,294)	(1,351)	(1,351)	(1,346)	(1,346)	(582)	(571)
Other Contributions	(8,976)	(5,336)	(12)	(8)	(860)	(796)	(6,218)	(7,910)
(Surplus)/Deficit in Income & Expenditure Account	**3,595**	**4,054**	**2,948**	**3,329**	**(118)**	**(436)**	**3,938**	**3,416**
Movement in Reserves								
Depreciation	(4,974)	(3,397)	(808)	(815)	(69)	(140)	(2,061)	(2,051)
MRP	2,156	2,365	1,371	1,052	114	307	1,914	2,014
MRP Adjustment				267		(271)		
Transfer to/(from) Earmarked Reserves								
Transfer(from) DSG Reserve	-	(2,000)	-	-	-	-	-	-
Transfer to PFI Reserve	585	895	178	239	73	-	-	-
Transfer from PFI Reserve	(777)	(1,021)	-	-	-	(2)	-	-
Net Charge to the General Fund	**585**	**896**	**3,689**	**4,072**	**-**	**(542)**	**3,791**	**3,379**

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.

An affordability review of the Schools PFI contract was undertaken in 2014 and has confirmed the need for additional contributions to maintain the affordability of the contract. A provision has been made in the Dedicated Schools Grant of the City Council to fund the additional contributions for 2014/15. 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 2012/13 £000	Current 2012/13 £000		Note	Long-term 2013/14 £000	Current 2013/14 £000
		Investments			
1,688	38	Loans and receivables		-	-
19	-	Unquoted equity investment at cost[2]		19	-
1,707	**38**	**Total investments**		**19**	**-**
		Debtors			
3,425	-	Loans and receivables	*12.17a*	1,262	-
2,260	244	Finance Leases - Academy		-	-
-	36,592 *	Financial assets carried at contract amounts[3]	*12.17b*	-	34,674 *
5,685	**36,836**	**Total Debtors**		**1,262**	**34,674**
		Borrowings			
299,771	7,590	Financial liabilities at amortised cost[1]	*12.09c*	299,771	4,295
299,771	**7,590**	**Total borrowings**		**299,771**	**4,295**
		Other Long Term Liabilities			
24,600	-	Liability with Staffordshire County		22,743	-
84,529	4,248	PFI liabilities	*12.08c*	76,342	5,124
2,960	973	Finance lease liabilities	*12.09f*	1,931	694
5,991	-	Other long term liabilities		4,379	-
118,080	**5,221**	**Total other long term liabilities**		**105,395**	**5,818**
		Creditors			
1,316	-	Financial liabilities at amortised cost		693	-
5,218	3,378	Financial liabilities at amortised cost - Grants received in advance	*12.11a*	3,725	2,112
-	65,316 *	Financial liabilities carried at contract amount		-	45,155 *
6,534	**68,694**	**Total creditors**		**4,418**	**47,267**

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

[2]Investment in Unquoted Equity Shares total approximately £19,000 and there is no active market meaning its fair value cannot be measured reliably. They are, therefore, valued at Historic Costs.

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

* These amounts exclude amount payable/receivable from Statutory debtors (creditors) and Central Government

12.09b Gains and Losses on Financial Instruments

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2012/13 Liabilities measured at amortised cost	2012/13 Loans and Receivables	2012/13 TOTAL		2013/14 Liabilities measured at amortised cost	2013/14 Loans and Receivables	2013/14 TOTAL
£000	£000	£000		£000	£000	£000
-	-	**-**	Impairment Losses	-	-	-
(26,988)	-	**(26,988)**	Interest Expense	(24,287)	-	(24,287)
(26,988)	-	**(26,988)**	**Total Expense in Surplus or Deficit on the Provision of Service**	(24,287)	-	(24,287)
-	408	**408**	Other Investment Income	-	488	488
-	438	**438**	Interest Income	-	331	331
-	846	846	**Total Income in Surplus or Deficit on the Provision of Service**	-	819	819
(26,988)	**846**	**(26,142)**	**Net gain/(loss) for the year**	**(24,287)**	**819**	**(23,468)**

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.

The fair values are calculated as follows:

Fair Value of liabilities carried at amortised cost

Carrying amount as at 31 March 2013		Fair Value as at 31 March 2013			Carrying amount as at 31 March 2014		Fair Value as at 31 March 2014	
Long Term £000	Short Term £000	Long Term £000	Short Term £000		Long Term £000	Short Term £000	Long Term £000	Short Term £000
279,771	3,000	355,691	3,064	PWLB - Maturity[1]	279,771	-	331,737	-
20,000	-	27,432	-	LOBOs[2]	20,000	-	24,271	-
2,960	973	2,960	973	Finance leases	1,931	694	1,931	694
-	4,611	-	4,611	Other borrowing	-	4,295	-	4,295
83,415	4,248	112,710	12,376	PFI Schemes	76,342	5,124	99,092	12,658
386,146	**12,832**	**498,793**	**21,024**	**Financial Liabilities**	**378,044**	**10,113**	**457,031**	**17,647**
6,534	**-**	**6,534**	**-**	**Long-term Creditors**	**4,419**	**-**	**4,419**	**-**

[1]The 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 £331,737,137 (£358,754,911 (2012/13)) 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.

[2]A 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 £24.271m.

Fair Value of assets carried at amortised cost

Carrying amount as at 31 March 2013	Fair Value as at 31 March 2013		Note	Carrying amount as at 31 March 2014	Fair Value as at 31 March 2014
£000	£000			£000	£000
1,409	1,409	**Long-term Debtors**	12.17a	1,262	1,262

12.09d Cash and Cash Equivalents

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

31 March 2013 £000		31 March 2014 £000
155	Cash held by the Authority	148
4,739	Bank current accounts	4,405
20,137	Short-term deposits	30,954
25,031	**Total Cash and Cash Equivalents**	**35,507**

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 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 £30,954,547. 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 2014 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 2014	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 2014	Estimated maximum exposure to default and un-collectability at 31 March 2014	Estimated maximum exposure as at 31 March 2013
	£000	%	%	**£000**	**£000**
	A	B	C	(A X C)	
Customers	55,068	33.68	33.68	18,547	13,065
				18,547	**13,065**

The City Council currently has £18.547m in it's 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 £36.523m of the £55.068m balance is past its due date for payment. This amount can be analysed by age as follows:

31 March 2013 £000		31 March 2014 £000
30,999	0 - 3 months	25,557
10,083	4 - 12 months	8,834
1,898	More than 1 year	2,132
42,980		**36,523**

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 it's 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

	Note	**Interest Rates Payable (Average)**	**Total Outstanding at 31 March 2014**	**Total Outstanding at 31 March 2013**
Source of Loan		**%**	**£000**	**£000**
Public Works Loan Board		4.40	279,771	282,771
Market Loans	*12.09c*	3.84	20,000	20,000
			299,771	**302,771**

Analysis of Maturity Less Premiums	**Total Outstanding at 31 March 2014 £000**	**Total Outstanding at 31 March 2013 £000**
Less than one year	-	3,000
Between one and two years	-	-
Between two and five years	8,000	8,000
Between five and ten years	25,500	22,500
More than ten years	266,271	269,271
	299,771	**302,771**

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.

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

The other long term borrowings as at 31 March 2014 are as follows:-

31 March 2013 £000		Note	31 March 2014 £000
24,572	County Council debt		22,743
2,960	Finance Leases		1,931
79,425	Private Finance Initiative – Finance Lease	12.08c	72,924
3,990	Private Finance Initiative – Deferred Service		3,418
91	Other		45
111,038			**101,061**

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 2013/14 the total payment to the County Council was £2,809,222 (£2,864,207 in 2012/13), of which £980,338 (£1,035,323 in 2012/13) 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	Other Provisions	Total
	£000	£000	£000
Balance at 1 April 2013	4,487	3,108	**7,595**
Additional provisions made in 2013/14	1,220	4,676	**5,896**
Amounts used in 2013/14	(1,378)	(2,200)	**(3,578)**
Unused amounts reversed in 2013/14	-	(547)	**(547)**
Balance at 31 March 2014	**4,329**	**5,037**	**9,366**
This balance is split as follows:			
Short Term Liability	-	5,032	**5,032**
Long Term Liability	4,329	5	**4,334**
	4,329	**5,037**	**9,366**

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.

12.11 Grants

12.11a Grant Income

i) The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/14:

Credited to Taxation and Non Specific Grant Income

Capital 2012/13 £000	Revenue 2012/13 £000		Note	Capital 2013/14 £000	Revenue 2013/14 £000
1,443	5,325	Communities & Local Government		2,610	102,692
1,360	-	Pathfinder/Regional		-	-
88,837	14,713	Department for Education (DfE)		35,643	4,203
-	11,980	Department of Health (DoH)		716	236
-	2,593	Department of Work & Pensions (DWP)		-	3,617
617	-	Private Sector Contributions		737	-
3,740	471	Department for Transport (DfT)		4,728	-
812	-	Other Government Grants		302	484
415	-	Homes and Communities Agency (HCA)		1,493	-
1,358	-	Lottery		201	-
200	-	Other Contributions		185	-
50	-	Other Grants		1,086	-
2,946	-	European Regional Development Fund (ERDF)		1,263	-
101,778	**35,082**	**Total**	6	**48,964**	**111,232**

Grants from Communities & Local Government has increased by £97.3m. This is mainly as a result of Business Rates retention now being included within the Revenue Support Grant. At the same time, there has been a reduction in the level of grants received from the Department for Education of £10.5m which is due, in the main, to two main factors:
- Early Intervention Grant (£14m in 12/13) not receivable in 13/14;
- Receipt of new grant income stream ‘Education Services Grant’ (£3.4m)

Credited to Net Cost of Service:	**Type of Funding/Grant**	Note	2012/13 £000	2013/14 £000
Central Services to the Public	Council Tax Benefits		23,942	-
	Other Grants		1	-
Cultural and Related	Private Finance Initiative (PFI) - Bentilee	12.08c	1,136	1,136
	Other Grants		29	51
Environmental and Regulatory	Other Grants		776	110
Planning and Development	Other Grants		510	37
Education and Children's	Dedicated Schools Grant		148,084	133,414
	Private Finance Initiative (PFI) - Schools	12.08a	8,294	8,294
	Private Finance Initiative (PFI) - Bentilee	12.08c	210	210
	Other Grants		12,243	12,368
Highways and Transport	Private Finance Initiative (PFI) - Street Lighting	12.08b	1,351	1,351
	Other Grants		207	1,055
General Fund Housing	Rent Allowances		54,246	54,937
	Rent Rebates		40,691	39,229
	Other Grants		460	738
Local Authority Housing	Other Grants		146	-
Adult Social Care	Other Grants		621	4,777
Public Health	Other Grants		-	19,691
	Total	12.02	**292,947**	**277,398**

ii) 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:

31/03/2013	31/03/2013		Note	31/03/2014	31/03/2014
£000	£000			£000	£000
Short Term	Long Term	**Capital Grants Receipts in Advance**		Short Term	Long Term
1,922	-	Department for Education (DfE)		1,124	-
-	-	Private Sector Contributions		-	-
1,057	5,218	Other Government Grants		450	3,725
2,979	**5,218**	**Total**	7	**1,574**	**3,725**

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 ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined by 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, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2013/14 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG as issued by the Department in July 2013 (This does not include the Early Years January 2014 adjustment)	31,595	154,764	186,359
Academy figure recouped for 2013/14	-	(52,945)	(52,945)
Total DSG after Academy recoupment for 2013/14	**31,595**	**101,819**	**133,414**
Brought forward from 2012/13	9,427	-	9,427
Carry forward to 2014/15 agreed in advance	-	-	-
Agreed initial budgeted distribution in 2013/14	41,022	101,819	**142,841**
In year adjustments	-	-	**-**
Final budget distribution for 2013/14	**41,022**	**101,819**	**142,841**
Less Actual central expenditure	(31,580)	-	(31,580)
Less Actual ISB deployed to schools	-	(101,795)	(101,795)
Plus Local authority contribution for 2013/14	-	-	-
Carry forward to 2014/15	**9,442**	**24**	**9,466**

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		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		2013/14	195,516	3,152	-	198,668	34,125	232,793
Chief Executive - J van de Laarschot		2012/13	192,585	2,933	-	195,518	32,739	228,257

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

Post title and name	Notes		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		2013/14	144,516	1,354	-	145,870	23,100	168,970
Assistant Chief Executive	1	2012/13	73,333	1,167	-	74,500	12,467	86,967
Director - People	2	2013/14	142,516	1,072	-	143,588	24,850	168,438
Director - Adult & Neighbourhood Services	2	2012/13	139,106	1,476	-	140,582	23,648	164,230
Director - City Renewal/Place	3	2013/14	64,089	-	79,385	143,474	9,358	152,832
Director - City Renewal/Place		2012/13	115,443	-	-	115,443	19,625	135,068
Assistant Director - Legal Services		2013/14	82,685	251	-	82,936	13,486	96,422
Assistant Director - Legal Services		2012/13	90,138	1,308	-	91,446	13,100	104,546
Assistant Director - Financial Services (Section 151 Officer)	4	2013/14	56,516	62	-	56,578	9,800	66,378
Assistant Director - Financial Services (Section 151 Officer)		2012/13	115,102	2,093	-	117,195	19,549	136,744
Director - Public Health	5	2013/14	50,750	308	-	51,058	6,492	57,550
Director - Public Health		2012/13	-	-	-	-	-	-

[1] Appointed 11/9/12

[2] The posts of Director of Adult & Neighbourhood Services and Director of Children's Services were replaced by one post of Director of People. The post of Director of Children's Services was covered, in the short term (01/04/13 to 30/06/13) whilst the new structure was embedded, by an interim at an invoiced cost of £36,064. The holder of the post of Director of Adults & Neighbourhood Services became the Director of People, the costs of which have been amalgamated onto one line in the above table.

[3] Post holder left 31/08/13. Post previously called Director of City Renewal but now called Director of Place and is covered by interim over the full year at an invoiced cost of £249,949 to 31/03/14.

[4] Post holder left 30/09/13. Post covered for rest of year by interim at an invoiced cost of £120,409 to 31/03/14.

[5] New post of Director - Public Health for 2013/14. Covered part year by interim at an invoiced cost of £102,328 between 05/08/13 to 31/03/14.

Numbers of employees including 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:

2012/13					2013/14			
Number of Teaching staff	Number of Employees (non teaching)	Total Number of Employees	Number of Employees Left in Year	Range	Number of Teaching staff [1]	Number of Employees (non teaching)	Total Number of Employees	Number of Employees Left in Year
24	50	74	6	£ 50,000 - £ 54,999	25	45	70	8
35	15	50	5	£ 55,000 - £ 59,999	26	23	49	4
17	10	27	2	£ 60,000 - £ 64,999	15	14	29	1
11	3	14	2	£ 65,000 - £ 69,999	7	1	8	1
4	5	9	1	£ 70,000 - £ 74,999	5	3	8	1
6	3	9	2	£ 75,000 - £ 79,999	5	3	8	-
3	8	11	3	£ 80,000 - £ 84,999	3	5	8	1
1	2	3	-	£ 85,000 - £ 89,999	2	2	4	1
-	4	4	-	£ 90,000 - £ 94,999	-	1	1	-
-	1	1	-	£ 95,000 - £ 99,999	-	1	1	1
1	1	2	-	£ 100,000 - £104,999	1	1	2	-
-	-	-	-	£ 105,000 - £109,999	-	-	-	-
-	1	1	-	£ 110,000 - £114,999	-	1	1	-
-	2	2	-	£ 115,000 - £119,999	-	1	1	-
-	-	-	-	£ 120,000 - £124,999	-	-	-	-
-	-	-	-	£ 125,000 - £129,999	-	-	-	-
-	1	1	1	£ 130,000 - £134,999	-	-	-	-
-	-	-	-	£ 135,000 - £139,999	-	-	-	-
-	1	1	-	£ 140,000 - £144,999	-	1	1	-
-	-	-	-	£ 145,000 - £149,999	-	1	1	-
-	-	-	-	£ 150,000 - £154,999	-	1	1	1
-	-	-	-	£ 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	-
-	-	-	-	£ 200,000 - £204,999	-	1	1	1
102	**108**	**210**	**22**		**89**	**106**	**195**	**20**

[1] Includes 5 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 328 employees in 2013/14 mainly as a consequence of the ongoing corporate restructuring programme. A total of over £3.6m in compensatory payments was incurred (including redundancy costs and pay in lieu of notice) plus an additional £1m will be paid to the pension fund in respect of actuarial strain costs. A further 3 people have signed to leave in 2014/15 and a total of £0.1m has been included in a provision. £1.8m for compensatory payments and £0.5m for actuarial strain has been included as a reserve on the balance sheet for further costs expected in 2014/15. The amount paid to Senior Officers is also detailed in note 12.12 'Officers Remuneration'.

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:

2012/13					2013/14			
Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of exit packages by cost band	Total cost of exit packages in each band £'000	Exit package cost band (including special payments)	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of exit packages by cost band	Total cost of exit packages in each band £'000
16	271	287	1,908	£0 - £20,000	9	236	245	1,757
-	77	77	2,007	£20,001 - £40,000	1	59	60	1,523
-	19	19	925	£40,001 - £60,000	-	14	14	645
-	5	5	332	£60,001 - £80,000	-	5	5	347
-	5	5	441	£80,001 - £100,000	1	1	2	170
-	2	2	222	£100,001 - £150,000	-	2	2	239
16	**379**	**395**	**5,835**		**11**	**317**	**328**	**4,681**

12.14 Members' Allowances and Expenses

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

2012/13 £000		2013/14 £000
686	Allowances	740
24	Expenses	22
710	**Total**	**762**

12.15 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: -

a) 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. The NHS scheme normally has a formal valuation every 4 years, the last one being due at 31st March 2008. However, HM Treasury suspended it on grounds of value for money while consideration was given to recent changes to public service pensions. 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 2013/14 the City Council paid employer's contributions to the TPS scheme of £6,107,954 (2012/13 £7,337,763) & £131,518 re the NHS scheme. The employer contribution rate was 14.1% (2012/13 14.1%) of teachers pensionable pay & 12.6% of public health staff pay. Total pensionable pay for the year re the TPS was £43,329,838 (2012/13 £52,031,658) & £1,040,960 re the NHS scheme. Added years' lump sum payments awarded by the authority in respect of the TPS amounted to £11,393 for 2 teachers (2012/13 £18,272 - 3 teachers).

Employer's contributions for the year to 31 March 2015 will be approximately £4.8m re the TPS & £0.1m re the NHS scheme.

b) Other City Council Employees

The Local Government Pension Scheme, administered locally by Staffordshire County Council and called the Staffordshire Pension Fund, is 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 and will impact on calculations commencing 2014/15.

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 valuaiton is due to be completed on 31st March 2016.

In 2013/14 the City Council paid an employer's contribution based on 17.5% (2012/13 – 17.0%) of employees' pensionable pay. Total pensionable pay for the year was £108,532,847 (2012/13 £109,608,726).

The Actuary estimates that the Employer's contributions for the year to 31 March 2015 re the LGPS will be approximately £20.2m.

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 2014, the City Council agreed to allow 77 employees (87 in 2012/13) 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 £307,954 (2012/13 £394,969).

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.

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

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.

c) 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' & NHS Pension Schemes		Total	
		2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000
Net Cost of Services:							
- current service cost		20,595	25,780	-	-	20,595	25,780
- past service costs incl curtailments		1,479	724	308	-	1,787	724
- settlements		(1,756)	(9,424)	-	-	(1,756)	(9,424)
		20,318	**17,080**	**308**	**-**	**20,626**	**17,080**
Financing and Investment Income and Expenditure							
- Net Interest expense	12.02	12,626	14,826	1,450	1,382	14,076	16,208
		12,626	**14,826**	**1,450**	**1,382**	**14,076**	**16,208**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services		**32,944**	**31,906**	**1,758**	**1,382**	**34,702**	**33,288**
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 expense)		(61,004)	16,161	-	-	(61,004)	16,161
- changes in demographic assumptions		-	24,416	-	448	-	24,864
- changes in financial assumptions		119,863	43,831	925	790	120,788	44,621
- other experience		(659)	(28,568)	-	2,808	(659)	(25,760)
Other post employment benefit		**58,200**	**55,840**	**925**	**4,046**	**59,125**	**59,886**
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		**91,144**	**87,746**	**2,683**	**5,428**	**93,827**	**93,174**
Movement in Reserves Statement							
- reversal of net charges made to the Surplus or Deficit for the Provision of Services		(32,944)	(31,906)	(1,758)	(1,382)	(34,702)	(33,288)
Actual amount charged against the General Fund Balance for cash paid in the year:							
- employers' contributions payable to the pension scheme	12.01	22,819	21,142	2,001	2,059	24,820	23,201
Movement in Pension Reserve		**(68,325)**	**(66,604)**	**(682)**	**(3,369)**	**(69,007)**	**(69,973)**

d) 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 as a result of a reduction in the net discount rate over this period, offset slightly by asset returns being slightly higher than expected.

	Note	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000
Present value of liabilities:							
All Pension Schemes		(518,972)	(901,729)	(761,588)	(842,685)	(1,002,993)	(1,078,660)
Discretionary Benefits		(43,512)	(53,428)	(45,961)	(51,682)	(53,165)	(57,644)
	12.15e	**(562,484)**	**(955,157)**	**(807,549)**	**(894,367)**	**(1,056,158)**	**(1,136,304)**
Pension Scheme	12.15e	364,982	535,411	569,115	598,659	691,444	701,617
Net pension asset/(liability) on the balance sheet	12.05c	**(197,502)**	**(419,746)**	**(238,434)**	**(295,708)**	**(364,714)**	**(434,687)**

The liabilities show that the authority has to pay post employment (retirement) benefits. The total net liability of £434,687 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.

e) 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.

	Note	Local Government Pension Scheme 2012/13 £000	Local Government Pension Scheme 2013/14 £000	Teachers' & NHS Pension Schemes 2012/13 £000	Teachers' & NHS Pension Schemes 2013/14 £000	Total 2012/13 £000	Total 2013/14 £000
Reconciliation of present value of the scheme liabilities (defined benefit obligation):							
Opening balance at 1 April		(863,312)	(1,024,422)	(31,054)	(31,736)	(894,366)	(1,056,158)
Current service cost		(20,595)	(25,780)	-	-	(20,595)	(25,780)
Interest cost		(41,417)	(45,875)	(1,450)	(1,382)	(42,867)	(47,257)
Contributions by scheme participants		(7,021)	(6,898)	-	-	(7,021)	(6,898)
Remeasurement (gains) and losses :							
- changes in demographic assumptions		-	(24,416)	-	(448)	-	(24,864)
- changes in financial assumptions		(119,863)	(43,831)	(925)	(790)	(120,788)	(44,621)
- changes in experience		659	28,568	-	(2,808)	659	25,760
Benefits paid		25,887	27,770	2,001	2,059	27,888	29,829
Past service costs (including curtailments)		(1,479)	(724)	(308)	-	(1,787)	(724)
Settlements		2,719	14,409	-	-	2,719	14,409
Closing balance at 31 March		**(1,024,422)**	**(1,101,199)**	**(31,736)**	**(35,105)**	**(1,056,158)**	**(1,136,304)**
	Note	2012/13 £000	2013/14 £000			2012/13 £000	2013/14 £000
Reconciliation of fair value of the scheme (plan)							
Opening balance at 1 April		598,659	691,444			598,659	691,444
Interest income		28,791	31,049			28,791	31,049
Remeasurement gain / (loss) :							
- the return on plan assets, excluding the amount		61,004	(16,161)			61,004	(16,161)
Employer contributions		24,820	23,201			24,820	23,201
Contributions by scheme participants		7,021	6,898			7,021	6,898
Benefits paid		(27,888)	(29,829)			(27,888)	(29,829)
Settlements		(963)	(4,985)			(963)	(4,985)
Closing balance at 31 March		691,444	701,617			691,444	701,617
Net Pension Asset/(Liability)	12.05c	**(332,978)**	**(399,582)**	**(31,736)**	**(35,105)**	**(364,714)**	**(434,687)**

f) 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 [(a)]							
	2012/13				2013/14			
	Quoted prices in active markets	Unquoted prices not in acive markets	Total	Percentage of total assets	Quoted prices in active markets	Unquoted prices not in acive markets	Total	Percentage of total assets
	£000	£000	£000	%	£000	£000	£000	%
Equity Securities:								
- consumer	63,603	-	63,603	9%	53,293	-	53,293	8%
- manufacturing	38,819	-	38,819	6%	49,829	-	49,829	7%
- energy & utilities	28,971	-	28,971	4%	29,362	-	29,362	4%
- financial institutions	53,019	-	53,019	8%	52,649	-	52,649	8%
- health & care	35,971	-	35,971	5%	36,721	-	36,721	5%
- information technology	28,801	-	28,801	4%	32,069	-	32,069	5%
- Other	15,005	-	15,005	2%	14,783	-	14,783	2%
	264,189	-	264,189	38%	268,706	-	268,706	39%
Debt Securities								
- corporate bonds (investment grade)	52,383	-	52,383	8%	52,506	-	52,506	7%
- corporate bonds (non-investment grade)	-	-	-	0%	-	-	-	0%
- UK government	-	-	-	0%	-	-	-	0%
- other	-	-	-	0%	-	-	-	0%
	52,383	-	52,383	8%	52,506	-	52,506	7%
Private equity	-	22,114	22,114	3%	-	21,979	21,979	3%
	-	22,114	22,114	3%	-	21,979	21,979	3%
Real Estate :								
- UK property	-	53,818	53,818	8%	-	51,546	51,546	7%
- overseas property	-	-	-	0%	-	-	-	0%
	-	53,818	53,818	8%	-	51,546	51,546	7%
Investment Funds & Unit Trusts:								
- equities	211,702	-	211,702	31%	207,611	-	207,611	30%
- bonds	35,186	-	35,186	5%	34,099	-	34,099	5%
- hedge funds	-	12,675	12,675	2%	-	13,291	13,291	2%
- commodities	-	-	-	0%	-	-	-	0%
- infrastructure	-	-	-	0%	-	-	-	0%
- other	-	23,204	23,204	3%	-	22,098	22,098	3%
	246,888	35,879	282,767	41%	241,710	35,389	277,099	40%
Derivatives :								
- inflation	-	-	-	0%	-	-	-	0%
- interest rate	-	-	-	0%	-	-	-	0%
- foreign exchange	-	-	-	0%	-	-	-	0%
- Other	-	-	-	0%	-	-	-	0%
	-	-	-	0%	-	-	-	0%
Cash & cash	16,173	-	16,173	2%	29,781	-	29,781	4%
	16,173	-	16,173	2%	29,781	-	29,781	4%
Total assets	**579,633**	**111,811**	**691,444**	**100%**	**592,703**	**108,914**	**701,617**	**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 2014, 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 2013 to 31st December 2013	7.2 (3.8 previously)
- Estimated return for the period from 01 April 2013 to 31 March 2014	7.9 (15.0 previously)

g) 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:

	2012/13	2013/14
Long-term expected rate of return on assets in the scheme	4.5	4.5
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	21.2 years	22.1 years
- Women	23.4 years	24.3 years
Longevity at 65 for future pensioners:		
- Men	23.3 years	24.3 years
- Women	25.6 years	26.6 years
Rate of inflation	2.8	2.9
Rate of increase in salaries	5.1	4.7
Rate of increase in pensions	2.8	2.9
Rate for discounting scheme liabilities	4.5	4.3
Real discount rate for discounting scheme liabilities	1.7	1.5
Proportion of employees taking up commutation option		
- pre-April 2008 service	50.0	50.0
- post-April 2008 service	75.0	75.0
Expected Rate of Return	4.5	4.5

h) 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 asumptions 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 2014	Approximate % increase to Employer Liability	Approximate monetary amount
	%	£000
0.5 % decrease in Real Discount Rate	10%	116,925
1 year increase in member life expectancy	3%	34,089
0.5% increase in the Salary Increase Rate	3%	36,101
0.5% increase in the Pension Increase Rate	7%	79,071

12.16 Pooled Budgets

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

a) Mental Health Section 75 Pooled Budget - For the provision of mental health services for younger adults.
Partners with North Staffordshire Combined Healthcare Trust

b) ICES Section 75 Pooled Budget - for the provision the Integrated Community Equipment Service (ICES).
Partners with Stoke-on-Trent Clinical Commissioning Group (CCG)

c) 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 2013 £000		31 March 2014 £000
174	Mental Health Section 75 Pooled Budget	67
(110)	ICES Section 75 Pooled Budget	(29)
(671)	Youth Offending Services Pooled Budget	(463)

Any (surplus)/deficit on the pooled budget is managed through a carry forward agreement, or funded from reserves.

12.16a Transfer of Functions

The Council has acquired Public Health operations from Stoke-on-Trent PCT in April 2013. With the transfer brought a number of commissioning responsibilities for the Council, together with overall responsibility for improving health. The national Public Health outcomes framework has been developed, which sets out key outcomes of interest for partners in improving health including some mandatory services including :- the National Child Measurement Programme; NHS health check assessments; comprehensive sexual health services (including testing and treatment for sexually transmitted infections, contraception outside of the GP contract and sexual health promotion and disease prevention; the local authority role in dealing with health protection incidents, outbreaks and emergencies; providing public health support to health care commissioners. (no operations were acquired in the year to 31 March 2013). The costs associated with the transfer of this additional responsibility have been 100% funded by a ring fenced grant from Public Health England.

12.17 Debtors

12.17a Long Term Debtors

		Balance at 01/04/13	Transfer from Deferred Capital Receipts	Repayments	Balance at 31/03/14
		£000	£000	£000	£000
Kickstart [1]		1,271	-	(105)	**1,166**
Academy Schools	*12.17b*	2,016	(2,016)	-	**-**
Other Long Term Debtors		138	-	(42)	**96**
Total		**3,425**	**(2,016)**	**(147)**	**1,262**

[1] In 2011/12 the Authority, through Birmingham City Council, made a number of improvement loans to householders under the Kickstart Programme at nil interest and have been treated as a soft loan. Further explanation can be found in the Glossary (see section 19).

12.17b Short Term Debtors

31 March 2013 £000		Note	31 March 2014 £000
12,254	Central government bodies		5,797
289	Academies		4,277
2,084	Other local authorities		1,619
176	NHS bodies		454
1	Public corporations and trading funds		29
33,967	Other entities and individuals[1]		27,613
48,771	**Total**	*12.09a*	**39,789**

[1] Other entities and individuals includes £1.8m re: charges on property.

Includes impairment of debt of £18.5m

12.18 Short-Term Creditors

31 March 2013 Restated £000		Note	31 March 2014 £000
5,828	Central government bodies		12,673
3,626	Other local authorities		3,108
567	NHS bodies		1,378
2	Public corporations and trading funds		-
57,983	Other entities and individuals		41,736
68,006	**Total**	*12.09a*	**58,895**

12.19 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.

2012/13 £000		2013/14 £000
226	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	220
46	Fees payable to external auditors for the certification of grant claims and returns for the year	27
272	**Total**	**247**

12.20 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 2013/14 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 2013/14 is shown in Note 12.14. During 2013/14, no members declared interests in related party companies which at 31st March 2014 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 2013/14, 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. Other pooled budget arrangements are in place with Stoke-on-Trent Clinical Commissioning Group for the provision of Integrated Community Equipment Services (ICES) and Child & Adolescent Mental Health Services (CAHMS). 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 Primary Care Trust and Staffordshire Police Authority. The year end balances for all of these arrangements are detailed in Note 12.16.

Entities Controlled or Significantly Influenced by the Authority

The City Council has interests in a number of companies. During 2013/14, 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 holding in Stoke-on-Trent Regeneration Limited. This is equivalent to 19,000 shares, with a value of £19,000. In order to represent that share holding, several council members sit on the board of the company. Cllr. Shotton was appointed as director on 16/05/2013, Cllr. Crowe and Cllr. Rosenau were both appointed as observers at the same date.

West Midlands Transport Information Services Limited - The City Council has a 1% share holding in West Midlands Transport Information Services Limited, and holds 10 shares with a nil value. During 2013/14, contributions of £12,279 were made in respect of the travel information service provided by the company.

Kier Stoke Limited - Stoke-on-Trent City Council has a joint venture with Kier Stoke Limited. The authority has a 19.9% share holding in the company and holds 199 shares, valued at £199. As city council representatives on the board, Cllr. Bridges was appointed as an Executive member of the board on 31/05/12. Various transactions took place in 2013/14 and these are detailed in note 12.21 below.

Centre of Refurbishment Excellence (CoRE) - During 2011/12, CoRE (subsequently renamed CoRE2) was established as an incubator company. This involves a partnership between the City Council, Stoke-on-Trent College and the Building Research Establishment (BRE).

During 2012/13, a new company, CoRE, was registered to deliver the project.

Trevor Whittaker, Interim Assistant Director - Green Enterprises, and Councillor Andrew Platt, have been appointed as Directors of both companies.

The Centre of Refurbishment Excellence project has reclaimed and re-used a number of historic redundant buildings located in a major derelict site in one of the most deprived areas of Stoke-on-Trent. The project constitutes a capital conservation and new build scheme, together with an on-going revenue operation, which will safeguard the buildings' heritage for the enjoyment, utilisation and education of future generations. In 2013/14, the City Council incurred £0.423m of capital costs and £0.019m of revenue costs in developing the Centre.

The revenue operation comprises a facility for product demonstration; profiling and showcasing sustainable refurbishment products; support businesses to secure new business opportunities from retrofitting and deliver refurbishment skills and training solutions, including practitioner led seminars and conferences.

As at 31 March 2014, Core owed the City Council £0.100m in reSpect of the revolving loan advanced by the City Council. CoRE also owed the City Council £0.065m in respect of expenditure that the Authority had incurred on behalf of CoRE and £0.021m in respect of Non Domestic Rates.

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 2013/14, no transactions took place.

12.21 Joint Venture Company

Background

Kier Stoke Limited was established as a Joint Venture Company 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% 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 2013 and 31 March 2014, Kier Stoke Limited charged the City Council for £40.9m (2012/13 £31.9m) net of Value Added Tax for completed works and services, and advised that the value of uncompleted works as at 31st March 2014 was £5.3m (2012/13 £3.1m) for all work streams. Total balance outstanding at 31 March 2014 was £2.0m (2012/13 £2.7m).

The City Council raised a total value of invoices against Kier Stoke Limited during 2013/14 of £0.327m for various services and £0.012m was outstanding at 31 March 2014.

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. There are two types of assets which are owned by third parties but in which the City Council (through RENEW) has a retained interest in. These are:

1. In respect of acquisitions by Registered Social Landlords (and other third parties) in advance of clearance, the City Council's interest is protected by an option exercisable by the City Council. This specifies that, within 21 years of the acquisition date, the City Council can determine if the asset is required for clearance or redevelopment.

2. Where the City Council has advanced money to Registered Social Landlords and/or other third parties to acquire or refurbish property for rent and/or equity sales, the City Council's interest is in the disposal proceeds. In these circumstances, grant agreements are in place to enable the City Council to claw back the whole or a proportion of the grant provided.

b. 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 have been made in the accounts as at 31st March 2014.

i. The Balance Sheet includes Private Housing Improvement Loans (Kickstart) with a fair value of £1.166m as at 31st March 2014. The repayment of some of these loans are dependant on certain events, such as sale of property or death of borrower. It is uncertain when these events will arise and when the loans will be repaid.

j. When the new arrangements for retention of business rates came into effect on 1st April 2013, a transfer of risk occurred and collection funds administered by local authorities assumed the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This includes amounts that were paid over to central government in respect of 2012/13 and prior years, as well as amounts making up the estimated collection fund balance for 2013/14, which is to be distributed in 2014/15. Previously, such amounts would not have been recognised as income by the authority, but would have been transferred to the Department of Communities and Local Government. Provisions for challenges (commonly known as appeals) by ratepayers have been made in the accounts as at 31st March 2014 on the basis of information provided by the Valuation Office Agency (VOA). There is, however, uncertainty as to the level of further challenges that may be received by the VOA and as to the outcome of these challenges and those that are currently pending a decision.

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
St. Teresa's Catholic Primary	1st April 2014
St. Thomas Aquinas Primary	1st April 2014
Sandon Primary	1st May 2014
Norton Primary	1st July 2014

Since the Balance Sheet date further schools have indicated their intent, and been given approval to proceed, with becoming an Academy. As at 1st September the schools as noted below are progressing towards coverting to Academies, and the impairment that is currently due to be charged in relation to them is as follows:-

School Name	Target Conversion Date	Impairment £'000
Mill Hill Primary School	01/01/2015	(1,928)
Whitfield Valley Primary School	01/11/2014	(1,625)
Smallthorne Primary School	not known	(1,256)

Other schools have previously indicated their intent, and been given approval to proceed, with becoming an Academy, but the process has since stalled and their conversion is on hold. Under the accounting procedures adopted by the City Council the non current assets (excluding land) have been impaired to nil. If the school withdraw their interest in the conversion process it will be necessary to reverse this impairment and re-instate the Net Book Value at the level it would have been had the impairment not occurred. As at 1st September the schools noted below are in this category :-

School Name
Birches Head High School
Ash Green Primary

The following school has applied for Academy status but as at 1st September they have not yet been given approval to proceed.

School Name
Milton Primary

13 Housing Revenue Account Income & Expenditure Account

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with 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 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.

2012/13 £000		Note	2013/14 £000	
	Expenditure			
(22,965)	Repairs and maintenance	15.04	(26,024)	
(13,044)	Supervision and management		(14,123)	
(205)	Rents, rates, taxes and other charges		(443)	
92	Negative HRA Subsidy payable	15.08	-	
(17,821)	Depreciation, impairment and revaluation of non-current	15.02	(20,535)	
(48)	Debt management costs		(47)	
(888)	Increase in bad debt provision		(689)	
(54,879)	**Total Expenditure**			**(61,861)**
	Income			
63,464	Dwelling rents		66,441	
516	Non-dwelling rents		604	
1,004	Charges for services and facilities		1,028	
512	Contributions towards expenditure		513	
65,496	**Total Income**			**68,586**
10,617	**Net Cost of HRA Services per Comprehensive Income and Expenditure Statement**			**6,725**
(340)	HRA services' share of Corporate and Democratic Core			(288)
10,277	**Net Cost for HRA Services**			**6,437**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure			
(7,015)	Interest payable and similar charges	15.09		(6,898)
98	HRA Interest and investment income	15.09		128
	(Loss)/Gain on Disposal of Non current Assets			1,500
	Income and expenditure in relation to investment properties and changes in their fair value			(464)
(469)	Net interest on the net defined benefit liability			(780)
400	Capital grants and contributions receivable			56
3,291	**Surplus or (deficit) for the year on HRA services**			**(21)**

14 Movement on HRA Statement

2012/13 £000		Notes	2013/14 £000	
7,019	Balance on the HRA at the end of the previous year			8,273
3,471	Surplus or (deficit) for the year on the HRA Income and Expenditure Statement	*13*	(21)	
6,021	Adjustments between accounting basis and funding basis under statute	*12.01*	8,659	
9,492	**Net increase or (decrease) before transfers to or from reserves**		**8,638**	
(8,238)	Transfers (to) or from reserves		(10,038)	
1,254	Increase or (decrease) in year on the HRA			(1,400)
8,273	**Balance on the HRA at the end of the current year**			**6,873**

15 Notes to the Housing Revenue Account Financial Statements

15.01 Housing Stock

2012/13		2013/14
19,120	Number of dwellings at the beginning of the year	19,029
(81)	Dwellings sold under Right to Buy	(112)
(9)	Other sales	(1)
(1)	Dwellings demolished	-
19,029	Number of dwellings at the end of the year	18,916
	Consisting of :	
15,877	Houses / Bungalows	15,770
3,152	Flats	3,146

15.02 Valuation of Housing Assets

2013/14:	Council Dwellings	Other Land and 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										
Opening Balance at 1st April 2013	**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	-	-	-	-	-	-	-	**-**	-	-
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-	(203)	-	-	-	(313)	-	**(516)**	-	-
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	(144)	-	-	-	(58)	-	**(202)**	-	(499)
Derecognition - Disposals	-	-	(1,834)	-	-	(405)	-	**(2,239)**	(2,672)	-
Reclassification - other	8	(815)	(20)	-	-	47	-	**(780)**	-	-
Assets reclassified (to) / from Held for Sale	(2,823)	37	-	-	-	-	-	**(2,786)**	2,786	-
Other movements in Cost or Valuation	-	-	-	-	-	-	-	**-**	-	-
At 31 March 2014	**416,362**	**8,673**	**12,384**	**6,785**	**118**	**607**	**1,756**	**446,685**	1,446	887
Accumulated Depreciation and Impairment										
Opening Balance at 1st April 2013	**(41,625)**	**(337)**	**(7,300)**	**(1,320)**	**-**	**(54)**	**(1,472)**	(52,108)	**(80)**	**(34)**
Depreciation Charge	(8,196)	(460)	(755)	(260)	-	(6)	-	**(9,677)**	-	-
Depreciation written out to the Revaluation Reserve	-	132	-	-	-	-	-	**132**	-	-
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	61	-	-	-	-	-	**61**	-	34
Impairment losses / (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	(120)	-	**(120)**	-	-
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	(10,037)	-	(287)	(275)	-	(108)	-	**(10,707)**	(9)	-
Derecognition - Disposals	-	-	1,448	-	-	255	-	**1,703**	331	-
Reclassification - other	-	76	20	-	-	(21)	-	**75**	-	-
Assets reclassified (to) / from Held for Sale	377	-	-	-	-	-	-	**377**	(377)	-
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	**-**	-	-
At 31 March 2014	**(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.

2012/13:	Council Dwellings	Other Land and 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										
Opening Balance at 1st April 2012	**405,034**	**11,144**	**13,008**	**5,797**	**118**	**2,552**	**3,193**	**440,846**	**464**	**1,386**
Opening Balance Adjustment	-	11	-	-	-	(805)	-	**(794)**	-	-
Amended Opening Balance	**405,034**	**11,155**	**13,008**	**5,797**	**118**	**1,747**	**3,193**	**440,052**	**464**	**1,386**
Additions	4,673	8	1,369	451	-	-	367	**6,868**	3	-
Donations	-	-	-	-	-	-	-	**-**	-	-
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-	(1,164)	-	-	-	(3)	-	**(1,167)**	-	-
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(29)	(223)	-	-	-	(35)	-	**(287)**	-	-
Derecognition - Disposals	-	-	(653)	(1)	-	(349)	-	**(1,003)**	(2,036)	-
Reclassification - other	1,688	-	-	-	-	32	(1,720)	**-**	-	-
Assets reclassified (to) / from Held for Sale	(2,742)	(82)	-	-	-	(56)	-	**(2,880)**	2,880	-
Other movements in Cost or Valuation	-	-	-	-	-	-	-	**-**	-	-
At 31 March 2013	**408,624**	**9,694**	**13,724**	**6,247**	**118**	**1,336**	**1,840**	**441,583**	**1,311**	**1,386**
Accumulated Depreciation and Impairment										
Opening Balance at 1st April 2013	**(27,602)**	**(802)**	**(5,878)**	**(552)**	**-**	**(136)**	**(1,472)**	**(36,442)**	-	(34)
Opening Balance Adjustment	-	(10)	180	-	-	12	-	**182**	-	-
Amended Opening Balance	**(27,602)**	**(812)**	**(5,698)**	**(552)**	**-**	**(124)**	**(1,472)**	**(36,260)**	**-**	**(34)**
Depreciation Charge	(8,242)	(425)	(788)	(318)	-	(9)	-	**(9,782)**	-	-
Depreciation written out to the Revaluation Reserve	-	835	-	-	-	42	-	**877**	-	-
Depreciation written out to the Surplus / Deficit on the Provision of Services	18	67	-	-	-	16	-	**101**	-	-
Impairment losses / (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	**-**	(3)	-
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	(6,049)	(8)	(1,343)	(450)	-	-	-	**(7,850)**	-	-
Derecognition - Disposals	-	1	529	-	-	23	-	**553**	168	-
Reclassification - other	2	-	-	-	-	(2)	-	**-**	-	-
Assets reclassified (to) / from Held for Sale	248	5	-	-	-	-	-	**253**	(252)	-
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	**-**	-	-
At 31 March 2013	**(41,625)**	**(337)**	**(7,300)**	**(1,320)**	**-**	**(54)**	**(1,472)**	**(52,108)**	**(87)**	**(34)**
Net Book Value										
At 31 March 2013	**366,999**	**9,357**	**6,424**	**4,927**	**118**	**1,282**	**368**	**389,475**	**1,224**	**1,352**
At 31 March 2012	377,432	10,343	7,310	5,245	118	1,623	1,721	403,792	464	1,352

The vacant possession value of dwellings within the Housing Revenue Account as at 1 April 2012 was £1,160,830,625. 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.

2012/13 £000		2013/14 £000
(3,149)	Balance at beginning of the year	(5,872)
(9,782)	Depreciation on HRA Assets	(9,677)
-	Interest on balances	-
(12,931)		(15,549)
2,614	Re-payment of principal debt	1,120
-	Depreciation on non dwellings	-
4,445	Capital expenditure on houses within the HRA	10,577
(5,872)	Balance at end of year	**(3,852)**

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.

2012/13 £000	***Expenditure***	2013/14 £000
22,965	Repairs and maintenance	26,024
22,965		26,024
	Income	
(22,965)	Contribution from Housing Revenue Account	(26,024)
-	Surplus / (deficit) for the year	-
-	Balance at beginning of year	-
-	Balance at end of year	**-**

15.05 Summary of Capital Expenditure

2012/13 £000	***Expenditure***	2013/14 £000
4,674	Dwellings	10,195
8	Other Land & Buildings	-
2,163	Other property	1,439
6,845		**11,634**
	Financing	
-	Borrowing	-
1,000	Revenue contributions	-
4,445	Major repairs reserve	10,577
1,000	Usable capital receipts reserve	1,000
400	Grants and contributions	57
6,845		**11,634**

15.06 Summary of HRA Capital Receipts Reserve

2012/13 £000		2013/14 £000
4,112	Balance brought forward	5,247
	Value of receipts	
437	Land	91
2,590	Houses	3,918
19	Mortgage repayments	18
26	Repayment of discount	16
124	Notional receipts for end of lease	335
7,308		**9,625**
962	Capital receipts pooling payment to DCLG	1,096
1,000	Usable receipts applied to finance HRA capital expenditure	1,000
	Usable receipts applied to finance General Fund	
-	Regeneration project capital expenditure	4,672
99	Funding of disposal costs	-
5,247	Balance carried forward	2,857
7,308		**9,625**

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

Included within the HRA balance is £1.2m 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 the pension fund actuary. More detailed information regarding the overall position of the fund can be found within note 12.15.

15.08 Rent Arrears

2012/13 £000		2013/14 £000
	Arrears at year end	
1,288	Current Tenants	1,131
1,318	Former Tenants	1,658
2,606		**2,789**
2,020	Provision in respect of uncollectable debts	2,679

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

2012/13 £000		2013/14 £000
	Item 8 Credit	
(98)	Interest Receivable	(128)
(33)	Discounts Received	(33)
(131)	**Total Item 8 Credit**	**(161)**
	Item 8 Debit	
2,662	Debt Management Charges and Repayment	1,167
7,015	Capital Asset Charges Adjustment	6,898
9,677	**Total Item 8 Debit**	**8,065**

16 Collection Fund Statement

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.

2012/13 Business Rates £000	2012/13 Council Tax £000	2012/13 Total £000		Note	2013/14 Business Rates £000	2013/14 Council Tax £000	2013/14 Total £000
			INCOME				
79,511	-	**79,511**	Business Ratepayers		84,885	-	**84,885**
-	103,172	**103,172**	Council Tax	17.02	-	105,067	**105,067**
-	(23,873)	**(23,873)**	*Less* Council Tax Local Support	17.02	-	(19,636)	**(19,636)**
79,511	**79,299**	**158,810**			**84,885**	**85,431**	**170,316**
	23,873	**23,873**	Council Tax Benefit		-	-	**-**
79,511	**103,172**	**182,683**			**84,885**	**85,431**	**170,316**
			EXPENDITURE				
			Apportionment of Previous Year's (Surplus)/Deficit				
-	-	**-**	Central Government		-	-	**-**
-	6	**6**	The Office of the Police and Crime Commissioner Staffordshire		-	(28)	**(28)**
-	2	**2**	Stoke-on-Trent and Staffordshire Fire and Rescue Authority		-	(11)	**(11)**
-	41	**41**	Stoke-on-Trent City Council		-	(186)	**(186)**
-	**49**	**49**			**-**	**(225)**	**(225)**
			Charges to the Collection Fund				
7,060	6,983	**14,043**	Write Offs	17.02	1,419	1,079	**2,498**
(4,751)	(6,020)	**(10,771)**	Provision for Uncollectable Amounts		(621)	3,168	**2,547**
-	-	**-**	Provision for Appeals		8,300	-	**8,300**
-	-	**-**	Disregarded Amounts (incl Reliefs and Surcharges)		546	-	**546**
368	-	**368**	Costs of Collection		366	-	**366**
2,677	**963**	**3,640**			**10,010**	**4,247**	**14,257**
76,834	**102,160**	**178,994**	***Balance due for allocation***		**74,875**	**81,409**	**156,284**
			Precepts, Demands and Shares				
76,834	-	**76,834**	Central Government		37,398	-	**37,398**
-	12,681	**12,681**	The Office of the Police and Crime Commissioner Staffordshire	17.03	-	10,026	**10,026**
-	4,829	**4,829**	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	17.03	748	3,818	**4,566**
-	84,497	**84,497**	Stoke-on-Trent City Council	17.03	36,650	66,803	**103,453**
76,834	**102,007**	**178,841**			**74,796**	**80,647**	**155,443**
-	**153**	**153**	***Surplus/(Deficit for the Year)***		**79**	**762**	**841**
			Allocation of Surplus/(Deficit) in year				
-	-	**-**	Central Government		39	-	**39**
-	19	**19**	The Office of the Police and Crime Commissioner Staffordshire		-	95	**95**
-	7	**7**	Stoke-on-Trent and Staffordshire Fire and Rescue Authority		2	36	**38**
-	127	**127**	Stoke-on-Trent City Council	12.01	38	631	**669**
-	**153**	**153**			**79**	**762**	**841**
			COLLECTION FUND BALANCE				
-	442	**442**	Balance at the Beginning of the Year		-	595	**595**
-	153	**153**	Surplus/(Deficit) for the Year (as above)		79	762	**841**
-	**595**	**595**	**Balance at the End of the Year**		**79**	**1,357**	**1,436**
			Allocation of collection fund balance to:				
-	-	**-**	Central Government		39	-	**39**
-	74	**74**	The Office of the Police and Crime Commissioner Staffordshire		-	169	**169**
-	28	**28**	Stoke-on-Trent and Staffordshire Fire and Rescue Authority		2	64	**66**
-	493	**493**	Stoke-on-Trent City Council*	7.00	38	1,124	**1,162**
-	**595**	**595**			**79**	**1,357**	**1,436**

*The City Council's share of the collection fund balance is the amount sitting on the collection fund adjustment account

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 2013/14 the City Council's share amounted to £36,650k plus a proportion of the year end surplus of £38k (**see note 16**). In addition £24,450k was received as non-domestic rates top up.

Prior to 1 April 2013, the total amount collected, less certain reliefs and deductions, was paid into the National NDR pool. In 2012/13 this amounted to £79,511k (**see note 16**). The City then received a share of the pool based on the size of the local resident population. In 2012/13 this amounted to £121,360k (**see note 6**).

2012/13		2013/14
45.8p	Business Rate Multiplier	47.1p
45.0p	Small Business Rate Relief Multiplier	46.2p
£215,501,892	Non-domestic rateable value at year-end	£215,413,360

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:

2012/13 £000'		2013/14 £000'
120,128	Council tax gross charge	120,542
(5,658)	*Less* Exemptions	(3,098)
(11,184)	Discounts	(12,278)
(114)	Disabled allowances	(99)
103,172		**105,067**
(6,983)	*Less* Amounts written off	(1,079)
96,189		**103,988**
(23,873)	*Less* Council Tax Local Support (Benefits scheme in 2012/13)	(19,636)
72,316		**84,352**

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)		-	155	5/9	85.8
A	Up to £40,000	68,998	57,561	6/9	38,373.8
B	£40,000 - £52,000	22,948	20,608	7/9	16,028.5
C	£52,001 - £68,000	14,485	13,138	8/9	11,678.0
D	£68,001 - £88,000	4,510	4,247	1	4,247.3
E	£88,001 - £120,000	1,671	1,562	11/9	1,909.3
F	£120,001 - £160,000	448	421	13/9	607.8
G	£160,001 - £320,000	104	81	15/9	134.6
H	Over £320,000	46	16	18/9	31.8
					73,096.9
Technical Reforms:					
Second homes and unoccupied but furnished dwellings: discount reduced from 10% to 0%					29.1
Class C 6 month exemption ceased 31 March 2013 and Class C discount at 100% for 28 days commenced 1 April 2013					998.8
Local Council Tax Support Scheme:					
Estimated level of discounts to be awarded					(15,630.2)
					58,494.6
Less Adjustments for collection rates					(2,047.3)
Council Tax base for 2013/14					**56,447.3**

The overall Council Tax requirement of £66.803m 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	**2013/14**	**2012/13**
Council Tax Requirement	£66.803m	£84.497m
Taxbase	56,447	71,398
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 2013/14 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**	**Total**	**Total**
				2013/14	**2012/13**
	£	£	£	**£**	£
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**	1,269.69
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:

2012/13		**2013/14**
£		**£**
84,496,559	Stoke-on-Trent City Council	66,803,122
12,680,981	The Office of the Police and Crime Commissioner Staffordshire	10,025,605
4,829,081	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	3,818,095
102,006,621		**80,646,822**

17.04 Continuing Impact of Community Charge

Although the Council Tax replaced the Community Charge on 1 April 1993, the City Council continues to account for the residual adjustments in relation to Community Charges raised in earlier years, in the Collection Fund. In 2013/14, residual receipts were transferred to the General Fund, with corresponding refunds in future being paid from this source.

18 Accounting Policies

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.

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.

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 the Department for Education issue an Academy Order the school asset subject to transfer is impaired. On transfer to Academy status the asset is derecognised subject to the period of the lease.

In the event of a long term lease, a long term debtor is established for the discounted value of the minimum lease payments due from the Academy school.

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.

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 the components have a value which is significant in relation to the total value of the asset, 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 – 20 to 40 years;
- Buildings – 20 to 60 years;
- Vehicles, Plant and Equipment – 5 to 20 years.

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.

Impairment losses in respect on Non-dwelling HRA assets are charged to the Surplus or Deficit on the Provision of Service. The charge is not reversed out to the Capital Adjsutment Account and is a charge against the HRA general fund in compliance with DCLG Housing Revenue Account Self-financing Determinations

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.

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. Changes to the fair value of HRA Investmestment properties are not a charge to the HRA general fund and are reversed to the Capital Adjustment Account via a movement in reserves.

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

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.

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.

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.

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, 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.

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.

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.

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.

Support Services
The cost of overheads and support services are allocated to those that benefit from the supply of service in proportion to the benefits received, on an appropriate basis to accord with CIPFA's Service Reporting Code of Practice (SeRCOP).

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.

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.

<u>Employee Benefits</u>

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.

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).

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 in the loan agreement.

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.

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.

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
- Hanford Waste – assets transferred to Hanford Waste Service Limited

As the City Council is deemed to control the services t 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.

Foundation Status Schools & 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.

To determine the Balance Sheet treatment of Foundation Schools, the City Council has to consider who bears the risk and rewards of ownership of the Foundation School's assets. The foundation school land is transferred to the school hence derecognised from the Councils balance sheet. In the event that the risks and rewards are borne mainly by the authority, the Foundation School's balance sheet will be consolidated into the authority's balance sheet. The City Council currently has several foundation schools. It is the City Council's view that it bears a significant proportion of the risks and rewards relating to the schools. Hence, the assets and liabilities are consolidated into the City Council's balance sheet. Given that the Foundation School is part of the PFI scheme, the accounting treatment will be in line with IFRIC12.

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 process for derecognition is as follows:-

- In the event that a school obtains approval to take up academy status, the infrastructure, intangible assets, buildings, plant and equipment of the school are impaired.
- When the Academy opens, the assets are derecognised with the exception of the building.
- When the Academy enters into a long term lease arrangement with the City Council the buildings are derecognised.
- The land, being on a short term lease is retained on the City Council's balance sheet.

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.

To smooth out gains and losses by sharing the risks and rewards of the business rates retention scheme, the City Council is a member of Staffordshire and Stoke on Trent Business Rates Pool, through which all member authority levy and safety net payments are transacted. The City Council accounts for the resulting revised net payments as a debtor/creditor to the Pool's lead authority (Staffordshire County Council) on the balance sheet.

As the lead authority, Staffordshire County Council is also responsible for holding and distributing the 'savings' on levies payable created as a result of pool membership. The Pooling Agreement, signed by all constituent members, specifies that the Pool operates on a 'no-loss' basis and provides for the distribution of the monies held by the lead authority as follows:

- Local incentive fund for levy paying members – 40%
- Central investment fund for regeneration of local economy – 40%
- Contingency fund for safety net payments – 20%

These funds are accounted for only when it is known that the City Council will receive a benefit.

A provision has been set aside based on an estimate of the likely impact on non-domestic rates income of successful challenges to VOA valuations outstanding at the balance sheet date. This estimate has been informed by the outcomes of decided challenges to rateable values.

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.

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.

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.

Contingencies
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.

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

- 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 a outstanding collection of textiles, ceramics and furniture.

The museums have major collections of heritage assets which are held in support of the primary objective of increasing the knowledge, culture and understanding of the historical world-wide contribution made by the city and local area. 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

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 recently 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 that 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.

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.

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.

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 Useable 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.

Balances
Reserves held in City Council funds 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 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 only 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
The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

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 benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only 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 ringfenced 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
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.

Capital expenditure charged against the General fund
Funding of capital expenditure from the general fund.

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 discontinued if all of the following conditions

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 operations 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 in 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 licenses.

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 (IFRSs) 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 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 leased

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)
Are 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 a combination of assets 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 Best Value Accounting Code of Practice.

Non-Domestic Rates (NDR)
Amounts payable to local authorities from non-domestic properties. The net poundage is set annually by central government and is divided according to Statute into the City Council's local share (49%), central government's central share (50%) and Staffordshire Fire and Rescue Authority's preceptor share (1%).

Non-domestic Rate 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
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 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 losses 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
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. 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

Non-domestic rates 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 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
Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring 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 is a valuation method in which the 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 dependants, 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 Works Loan Board (PWLB)
Central Government Agency which lends money to local authorities usually at interest rates which are more favourable than those found 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 & loses
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 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 the 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 benefits;
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 loans 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 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 or 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))
Indicates the amount of capital grant support to a local authority for capital investment purposes.

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 Best Value Accounting Code of Practice.

Useful Life
Period over which the Local Authority will derive 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 the 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 dependants.

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.

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