NUNEATON & BEDWORTH BOROUGH COUNCIL

Statement of Accounts

2012/13

STATEMENT OF ACCOUNTS

2012/13

Contents

Explanatory Foreword

INTRODUCTION

Nuneaton and Bedworth Borough Council is required to produce an annual Statement of Accounts to provide assurance that the Authority has used public money legally and responsibly in delivering the services to our residents.

The financial statements that make up this document are prepared under International Financial Reporting Standards (IFRS) and must comply with proper accounting practice. Explanatory notes are also provided to give further information where appropriate. This means the Statement of Accounts is a very long and technical document. The following pages are a summary of the accounts, aiming to give the reader a brief picture of the Council's financial position as at 31st March 2013.

For 2012/13 the accounts consist of:

The Core Financial Statements:

- The 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 Comprehensive Income and Expenditure Statement – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- The Balance Sheet – The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority.
- The Cash Flow Statement – summarising the inflows and outflows of cash arising from the Council's transactions with third parties for revenue and capital purposes.
- The Notes to the core financial statements.

Other Financial Statements:

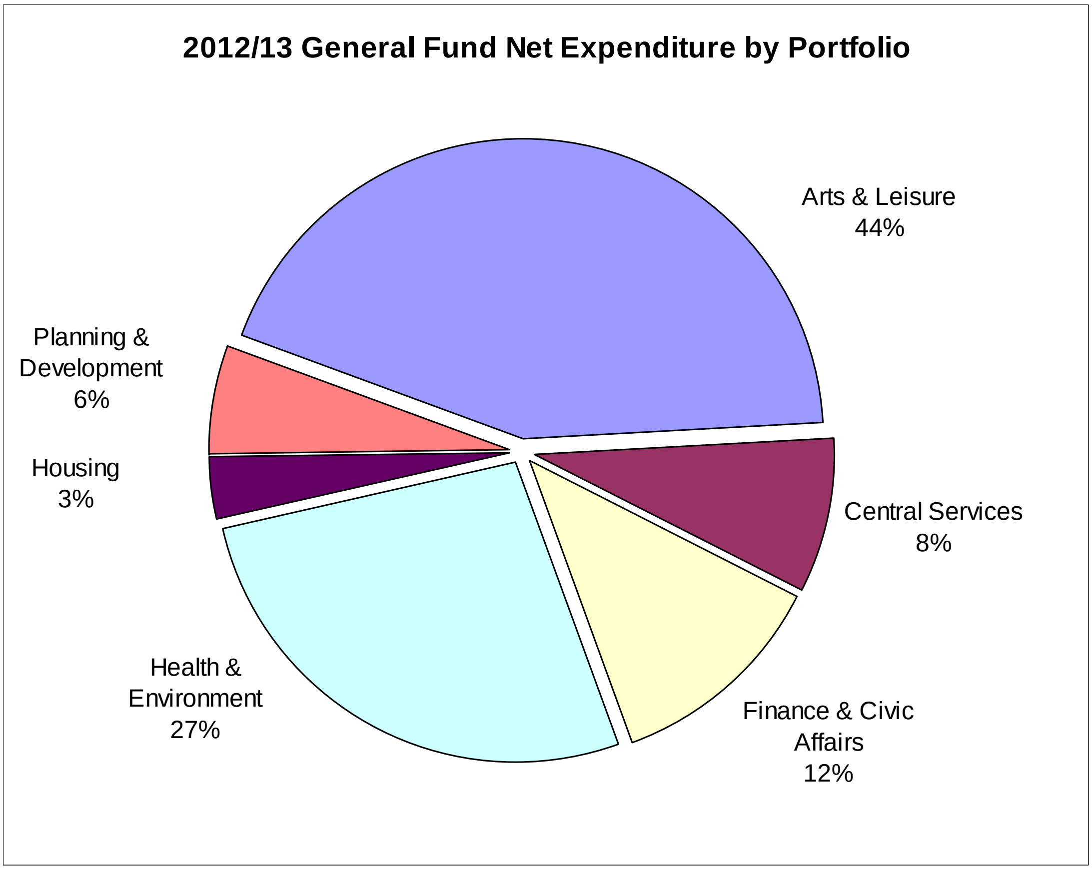
- The Housing Revenue Account (HRA) Income & Expenditure Account and the Movement on the HRA Balance – details income and expenditure on HRA services included in the whole Council Income & Expenditure Account and the latter reconciles the surplus for the year to the movement on the HRA balance.
- The Collection Fund Income and Expenditure Account – this fulfils the Council's statutory requirement as a billing Authority to maintain a separate Collection Fund showing transactions for Council Tax and Non-domestic Rates and how these have been distributed to precepting authorities and the General Fund.

General Fund Financial Summary 2012/13

Table 1:

	ORIGINAL BUDGET 2012/13 £'000	**CURRENT BUDGET 2012/13 £'000**	**ACTUAL 2012/13 £'000**	**CURRENT VARIANCE 2012/13 £'000**
PORTFOLIO ANALYSIS				
Arts & Leisure	7,002	6,994	6,728	(266)
Central Services	1,235	1,225	1,301	76
Finance and Civic Affairs	2,076	2,010	1,907	(103)
Health & Environment	4,093	4,049	4,095	46
Housing	600	693	533	(160)
Planning & Development	1,051	1,021	913	(108)
Total Portfolio Net Expenditure	**16,057**	**15,992**	**15,477**	**(515)**
Central Provisions	520	585	535	(50)
Interest and Investment Income	(173)	(173)	(300)	(127)
External Interest Paid (GF Only)	446	446	475	29
Depreciation and Impairment	(2,743)	(2,743)	(2,734)	9
Council tax freeze grant	(202)	(202)	(202)	0
New Homes Bonus	(591)	(591)	(543)	48
Minimum Revenue Provision	576	576	495	(81)
PWLB Premiums and Discounts (GF)	21	21	21	0
Financing of Capital Expenditure	750	750	236	(514)
Transfers to/from Reserves	529	529	1,637	1,108
Total Other Items	**(867)**	**(802)**	**(380)**	**422**
Total Council Net Expenditure	**15,190**	**15,190**	**15,097**	**(93)**
Less:				
Council Tax	(8,068)	(8,068)	(8,068)	0
Revenue Support Grant and NNDR	(7,119)	(7,119)	(7,119)	0
(Surplus)/Deficit from Collection Fund	(12)	(12)	(12)	0
Contribution (to)/ from General Working Balances	**(9)**	**(9)**	**(102)**	**(93)**

The figures above do not include any year end adjustments to depreciation and charges for revaluation or impairment losses or Pension costs relating to IAS19, as these are not chargeable to balances.



The key General Fund variances for the year included:

Table 2:

Main Variances	**£'000**
Increased salary costs associated with providing refuse collection services due to delays with implementing recycling at flat complexes	95
Pay award savings	(120)
Provision for the repayment of personal search fees following a change in legislation	128
Increased pension & redundancy costs as part of the planning for the future programme	279
Increased income across various services including planning fee income	(378)
Increased grant income across services -primarily in respect of welfare reform changes and to finance other ongoing projects	(267)
Ongoing review of budgets and potential savings during the year has resulted in reduced expenditure across services	(274)
Reduced expenditure on utilities, partly due to energy efficient measures and the re-tendering of our energy contract	(155)
Additional contributions to earmarked reserves	1,108
Additional interest on investments due to increased reserves and balances	(127)
Reduced revenue contribution to fund capital due to slippage on capital schemes including vehicle replacement and IT replacement strategy	(514)
Other Net Variations	132
Total Variance (Surplus) / Deficit	**(93)**

The additional amount contributed to reserves will be used to fund future liabilities and risk.

HOUSING REVENUE ACCOUNT 2012/13

The outturn for the Housing Revenue Account (HRA) was a deficit of £933k for 2012/13 compared with the original budgeted deficit of £1.52m.

Table 3:

£000's	Original Estimate	Actual	Variance
Expenditure	23,396	22,497	(899)
Income	(23,874)	(24,037)	(163)
Net Cost of Services	**(478)**	**(1,540)**	**(1,062)**
Less Adjustments and Appropriations	2,000	2,473	473
(Surplus)/Deficit	**1,522**	**933**	**(589)**

The variances for the HRA for the year are detailed in the table below.

Table 4:

Variances	£'000
Increased rental income, due to a reduction in void properties and charging target rent for some units	(150)
Savings on debt costs due to preferential rates on self-financing loans taken out at the start of the year, in addition to some saving through no prudential borrowing undertaken in 2011/12 as originally anticipated.	(350)
Reduced revenue contribution to capital to offset an increased contribution to finance the new build project in 13/14	(304)
Reduced salary costs due to vacancies and more efficient processes in repairs and general management	(191)
Reduced expenditure on external contractors due to more work being undertaken by the in house team	(394)
Additional employee costs from Pay Restructuring	239
Increased utility costs	129
Increased contribution to new build reserve to offset the reduced direct revenue financing contribution	550
Other minor variations	(118)
Total	**(589)**

CAPITAL

The Council spent £11.1m on capital schemes in 2012/13 of which around 80% related to Council dwellings, primarily by way of major renovations and improvements.

Table 5:

£000's	Original Estimate	Actual
General Fund (including GF Housing)	2,595	2,034
Housing Revenue Account	10,744	9,038
Total	**13,339**	**11,072**

The capital programme is funded from a combination of capital receipts, grants and contributions, revenue contributions and borrowing.

COLLECTION FUND

The Collection Fund comprises all income from Council Tax and Non-Domestic (Business) Rates. It also provides for precepts to be paid over to the County Council, the Police and Crime Commissioner and to this Council.

GOVERNMENT SUPPORT

Revenue Support Grant and amounts redistributed from the National Non-Domestic Rates Pool are paid directly into the Council's general Income & Expenditure Account.

EXTERNAL BORROWING

The Council's Treasury Management Policy Statement, supplemented by the annual Treasury Management Statement (including Investment Strategy) for the financial year, detail how the Council is to manage its treasury management activities throughout the year. The activity is fully reported to Council.
In summary as at 31st March 2013 the Council had total external debt of £88.244m. The analysis of this can be seen in note 43, page 95.

RETIREMENT BENEFITS

The balance sheet shows Pension Scheme liability of £47.059m representing the underlying commitment that the Council has in the long-run to pay retirement benefits. However, statutory arrangements for funding the deficit over a number of years mean that the financial position of the Council remains healthy.

PROVISIONS

A provision for the potential costs of protection and equal pay claims arising from pay restructuring has been included in the 2012/13 accounts. The provision totals £912k and is shown as the Single Status provision in note 22, page 63. A provision for potential refund of fees paid by private search company to access land charges data has been made in year. This totals £129k and this is also shown in note 22 page 63.

SUMMARY OF MAIN FINANCIAL STATEMENTS

The most important statements within these accounts are:

- Comprehensive Income and Expenditure Account (CIES)
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement

The Comprehensive Income and Expenditure Account (CIES) shows the full cost of running the Council's services for the year – for both the General Fund and Housing Revenue Account. It therefore combines the information provided in Tables 1 and 3 above.

The CIES is in a statutory format, whereas Tables 1 and 3 above are presented in the Portfolios that we manage use to our budgets on a day to day basis.

Table 6:

Comprehensive Income & Expenditure Statement - 2012/13	**Gross Spend £000**	**Gross Income £000**	**Net Spend £000**
Central services to the public	13,084	(11,510)	1,574
Cultural & Related Services	8,256	(1,074)	7,182
Environmental & Regulatory Services	6,572	(1,740)	4,832
Planning Services	3,626	(1,358)	2,268
Highways & transport services	2,064	(2,177)	(113)
Local authority housing (HRA)	17,533	(23,992)	(6,459)
Other housing services	39,229	(38,164)	1,065
Corporate & democratic core	1,559	(105)	1,454
Non distributed costs	323	-	323
Cost of services	**92,246**	**(80,120)**	**12,126**
Other operating expenditure	377	116	493
Financing & investment income & expenditure	9,799	(7,010)	2,789
Taxation & non-specific grant income	-	(19,351)	(19,351)
(Surplus) or Deficit on Provision of Services			**(3,943)**
(Surplus) or deficit on revaluation of Property, Plant & Equipment Assets & Heritage Assets			(364)
Actuarial (gains)/ losses on pension assets/ liabilities			6,446
Other Comprehensive Income & Expenditure			**6,082**
Total Comprehensive Income & Expenditure			**2,139**

The CIES presents the Council's income and expenditure in accordance with accounting standards and therefore includes items such as depreciation, pension charges (IAS19), capital grants received and capital receipts that are not chargeable to General Fund or Housing Revenue Account balances. Regulations allow for these items to be reversed and either reallocated to other reserves or be replaced with another charge (e.g. depreciation charges replaced with a minimum revenue provision). The Movement in Reserves Statement (MIRS) includes these adjustments.

Table 7:

Movement in Reserves Statement - 2012/13	General Fund £000	Housing Revenue Account £000	Other Funds & Reserves £000	Total Reserves £000
Balance as at 31 March 12	(1,041)	(4,763)	(76,953)	(82,757)
(Surplus)/ Deficit on provision of services	1,793	(5,736)	-	(3,943)
Other Comprehensive Income & Expenditure	-	-	6,082	6,082
Total Comprehensive Income & Expenditure	**1,793**	**(5,736)**	**6,082**	**2,139**
Adjustments between accounting basis and funding basis under regulations	(3,532)	3,599	(67)	-
Transfers to/ from earmarked reserves	1,637	3,070	(4,707)	-
Total (Increase)/ Decrease in year	**(102)**	**933**	**1,308**	**2,139**
Balance as at 31 March 13	**(1,143)**	**(3,830)**	**(75,645)**	**(80,618)**

The (increase)/decrease in General Fund Balance and Housing Revenue Account lines equal the actual final outturn position as shown in Tables 1 and 3 on pages 3 and 5.

Balance Sheet

This represents the Council's financial position at the end of each financial year. It brings together money owed by and to the Council, assets owned and balances and reserves. A summary of the Balance Sheet is shown below.

Table 8:

Balance Sheet - 31 Mar 2013	£000
Property, Plant, Equipment and other long term assets	204,894
Short Term Debtors	7,954
Cash, Investments and other short term assets	16,788
Total Assets	**229,636**
Creditors	(9,319)
Borrowing	(88,875)
Pension Liability	(47,059)
Other Liabilities	(3,765)
Total Liabilities	**(149,018)**
Net Assets	**80,618**
Usable Reserves (available to fund spend)	(20,216)
Unusable Reserves (not available to fund spend)	(60,402)
Total Reserves	**(80,618)**

Total reserves figure of £80.618m as shown in the table above agrees to the total MIRS figure from table 7.

Cash Flow

The cash flow statement shows the movement of money in and out and the Council's bank account during the year.

Table 9:

Cash Flow Statement - 2012/13	
	£000
Net cash flows from Operating Activities	(10,496)
Net cash flows from Investing Activities	6,049
Net cash flows from Financing Activities	(478)
Net (increase)/ decrease in cash & cash equivalents	**(4,925)**
Cash & cash equivalents 1st April	6,590
Cash & cash equivalents 31st March	11,515

FINANCIAL OUTLOOK

General Fund

The approved budget requirement for 2013/14 totalled £15.241m, with a council tax requirement of £6.854m, after Revenue Support Grant and Business Rates. The budget allowed for £122k to be added to General Fund reserves. 2013/14 was the third year of the Comprehensive Spending Review 2010 and also brought significant changes to local government funding due to Localisation of Business Rates and Council Tax Support.

Localisation of Business Rates brings increased risk to local government and a less stable income stream. Revenue Support Grant will now be a much smaller element of funding, and for 2013/14 our RSG was reduced by 5.3% compared to the previous year and the cumulative reduction since CSR10 is now at over £2.4m. Business rates income and take up of council tax support will need to be monitored closely during the year.

To meet the ongoing challenges that these reductions will bring, the Council has continued with its programme of lean reviews and also undertook a fundamental review of all budgets as part of the budget setting process for 2013/14. A number of voluntary redundancies and early retirements were approved for 2013/14 along with a small number of compulsory redundancies.

The Authority had £3m of investments in the collapsed Icelandic bank, Landsbanki. To date approximately £1.45m has been repaid and the latest information available is that the recovery rate is estimated to be 100%. The remaining instalments are phased until 2019.

Housing Revenue Account

The HRA balance as at 31st March 2013 is £3.8m. The 2013/14 budget estimates a deficit of £1.2m. The deficit is due to revenue contributions being made to support a significantly increased capital programme in line with the 30-year Business Plan, including a scheme to build our own council housing. £2.5m of debt is also to be repaid in 2013/14.

The HRA Business Plan was updated as part of the budget setting process for 2013/14 and still demonstrates that the HRA is sustainable in the long-term and had sufficient funds to carry out required investment works in its stock and to build new housing.

Capital Programme

The capital programme for 2013/14 for the General Fund is limited, largely due to reduced opportunities for capital receipts in the current economic climate. The HRA capital programme has increased significantly for 2013/14 in order to carry out vital investment in its stock and to begin a New Build programme. The increased programme has been funded from additional revenue contributions to capital.

COURTESIES

I should like to place on record my thanks to those colleagues throughout the Council who were involved in the production of this year's final accounts.

Simone Donaghy

Director – Finance and Procurement.

Statement of Responsibilities

Nuneaton and Bedworth Borough Council's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director – Finance and Procurement.

- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

- approve the Statement of Accounts.

The Responsibilities of the Director – Finance and Procurement

The Director – Finance and Procurement is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director – Finance and Procurement 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 Director – Finance and Procurement has also:

- kept proper accounting records which were up to date

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE OF DIRECTOR – FINANCE AND PROCUREMENT

The Statement of Accounts set out on pages 14 to 108 have been prepared in accordance with the Code. They present a true and fair view of the financial position of the Authority at 31 March 2013 and of its expenditure and income for the year ended 31 March 2013.

Simone Donaghy
Director – Finance and Procurement
18th September 2013

COUNCIL APPROVAL OF THE ACCOUNTS

The Council formally approved this Statement of Accounts at the Council meeting held on 18th September 2013.

Councillor R. G. Copland
Mayor
18th September 2013

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the 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.

Movement in Reserves Statement 2012/13

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 12	**(1,041)**	**(7,375)**	**(4,763)**	**(1,085)**	**-**	**(841)**	**(15,105)**	**(67,652)**	**(82,757)**
Movement in reserves during 2012/13									
(Surplus) or deficit on the provision of services	1,793	-	(5,736)	-	-	-	**(3,943)**	-	**(3,943)**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	**-**	6,082	**6,082**
Total Comprehensive Income & Expenditure	**1,793**	**-**	**(5,736)**	**-**	**-**	**-**	**(3,943)**	**6,082**	**2,139**
Adjustments between accounting basis & funding basis under regulations (Note 7)	(3,532)	-	3,599	(328)	-	(907)	**(1,168)**	1,168	**-**
Net (Increase)/ Decrease before transfers to Earmarked Reserves	**(1,739)**	**-**	**(2,137)**	**(328)**	**-**	**(907)**	**(5,111)**	**7,250**	**2,139**
Transfers to/from Earmarked Reserves (Note 8)*	1,637	(4,707)	3,070	-	-	-	**-**	-	**-**
(Increase)/ Decrease in 2012/13	**(102)**	**(4,707)**	**933**	**(328)**	**-**	**(907)**	**(5,111)**	**7,250**	**2,139**
Balance as at 31 March 13	**(1,143)**	**(12,082)**	**(3,830)**	**(1,413)**	**-**	**(1,748)**	**(20,216)**	**(60,402)**	**(80,618)**

* Note 8 only refers to the movement in earmarked reserves.

Movement in Reserves Statement 2011/12

	General Fund Balance £000	Earmarked Reserves £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 11	(1,009)	(4,964)	(4,436)	(1,342)	-	(1,444)	**(13,195)**	(140,495)	**(153,690)**
Movement in reserves during 2011/12									
(Surplus) or deficit on the provision of services	(400)	-	69,702	-	-	-	**69,302**	-	**69,302**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	**-**	1,631	**1,631**
Total Comprehensive Income & Expenditure	**(400)**	**-**	**69,702**	**-**	**-**	**-**	**69,302**	**1,631**	**70,933**
Adjustments between accounting basis & funding basis under regulations (Note 7)	(1,522)	-	(70,550)	257	-	603	**(71,212)**	71,212	**-**
Net (Increase)/ Decrease before transfers to Earmarked Reserves	**(1,922)**	**-**	**(848)**	**257**	**-**	**603**	**(1,910)**	**72,843**	**70,933**
Transfers to/from Earmarked Reserves (Note 8)*	1,890	(2,411)	521	-	-	-	**-**	-	**-**
(Increase)/ Decrease in 2011/12	**(32)**	**(2,411)**	**(327)**	**257**	**-**	**603**	**(1,910)**	**72,843**	**70,933**
Balance as at 31 March 12	**(1,041)**	**(7,375)**	**(4,763)**	**(1,085)**	**-**	**(841)**	**(15,105)**	**(67,652)**	**(82,757)**

* Note 8 only refers to the movement in earmarked reserves.

Comprehensive Income & Expenditure Account

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

Comprehensive Income & Expenditure Account

2011/12 Gross Expenditure £000	2011/12 Gross Income £000	2011/12 Net Expenditure £000			2012/13 Gross Expenditure £000	2012/13 Gross Income £000	2012/13 Net Expenditure £000
12,820	(11,560)	1,260	Central services to the public		13,084	(11,510)	1,574
7,931	(1,179)	6,752	Cultural & Related Services		8,256	(1,074)	7,182
6,908	(2,009)	4,899	Environmental & Regulatory Services		6,572	(1,740)	4,832
4,516	(1,212)	3,304	Planning Services		3,626	(1,358)	2,268
1,442	(2,282)	(840)	Highways & transport services		2,064	(2,177)	(113)
20,327	(22,451)	(2,124)	Local authority housing (HRA)		17,533	(23,992)	(6,459)
71,455	-	71,455	Exceptional Item: HRA Reform Settlement Payment		-	-	-
37,440	(36,255)	1,185	Other housing services		39,229	(38,164)	1,065
1,802	(182)	1,620	Corporate & democratic core		1,559	(105)	1,454
385	-	385	Non distributed costs		323	-	323
165,026	**(77,130)**	**87,896**	**Cost of services**		**92,246**	**(80,120)**	**12,126**
632	(1,175)	(543)	Other operating expenditure	Note 9	377	116	493
8,675	(8,706)	(31)	Financing & investment income & expenditure	Note 10	9,799	(7,010)	2,789
-	(18,020)	(18,020)	Taxation & non-specific grant income	Note 11	-	(19,351)	(19,351)
		69,302	**(Surplus) or Deficit on Provision of Services**				**(3,943)**
		(6,166)	(Surplus) or deficit on revaluation of Property, Plant & Equipment Assets & Heritage Assets				(364)
		7,797	Actuarial (gains)/ losses on pension assets/ liabilities				6,446
		1,631	**Other Comprehensive Income & Expenditure**				**6,082**
		70,933	**Total Comprehensive Income & Expenditure**				**2,139**

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

Balance Sheet

31 March 12 £000		Notes	31 March 13 £000
181,084	Property, Plant & Equipment	12	181,358
1,282	Heritage Assets	13	1,277
18,362	Investment Property	14	18,620
582	Intangible Assets	15	368
1,753	Long Term Investments	16	1,278
1,998	Long Term Debtors	16	1,993
205,061	**Long Term Assets**		**204,894**
3,064	Short Term Investments	16	5,064
251	Assets Held for Sale	20	-
162	Inventories	17	209
6,800	Short Term Debtors	18	7,954
6,590	Cash & Cash Equivalents	19	11,515
16,867	**Current Assets**		**24,742**
(635)	Short Term Borrowing	16	(3,157)
(7,120)	Short Term Creditors	21	(9,319)
(1,460)	Provisions	22	(1,064)
(9,215)	**Current Liabilities**		**(13,540)**
(88,244)	Long Term Borrowing	16	(85,718)
(39,374)	Pensions Liability	41	(47,059)
(2,338)	Capital Grants Receipts in Advance	34	(2,701)
(129,956)	**Long Term Liabilities**		**(135,478)**
82,757	**Net Assets**		**80,618**
(15,105)	Usable Reserves	23	(20,216)
(67,652)	Unusable Reserves	24	(60,402)
(82,757)	**Total Reserves**		**(80,618)**

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. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Authority.

2011/12 £000			**2012/13 £000**
69,302	Net (surplus) or deficit on the provision of services		(3,943)
(8,463)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	Note 25	(11,056)
(66,533)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Note 25	4,503
(5,694)	Net cash flows from Operating Activities	Note 25	(10,496)
74,295	Investing Activities	Note 26	6,049
(72,776)	Financing Activities	Note 27	(478)
(4,175)	Net (increase) or decrease in cash & cash equivalents		(4,925)
2,415	Cash & cash equivalents at the beginning of the reporting period		6,590
6,590	**Cash & cash equivalents at the end of the reporting period**	Note 19	**11,515**

Notes to the Accounts

Notes to the Accounts

1) ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Statement of Accounts summarises the Authority's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the CIPFA Service Reporting Code of Practice 2012/13, supported by International Financial Reporting Standards (IFRS).

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

ACCRUALS OF INCOME AND EXPENDITURE

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where considered material, where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 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 form an integral part of the Authority's cash management.

EXCEPTIONAL ITEMS

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

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

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

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

CHARGES TO REVENUE FOR NON-CURRENT ASSETS

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

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However it is required to make an annual contribution from revenue towards the reduction of its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance of a Minimum Revenue Provision charge (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

EMPLOYEE BENEFITS

Benefits Payable During Employment

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

Termination Benefits

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

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

Post Employment Benefits – The Local Government Pension Scheme

Warwickshire County Council, the Administering Authority to the Warwickshire County Council Pension Fund instructed Hyman Robertson LLP, an independent firm of actuaries, to undertake pension expense calculations on behalf of Nuneaton & Bedworth Borough Council as at 31st March 2013.

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

- The liabilities of the Warwickshire Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate as determined by the actuary (based on the indicative rate of return on high quality corporate bonds).
- The assets of the Warwickshire Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
    - Quoted securities – current bid price
    - Unquoted securities – professional estimate
    - Unitised securities – current bid price
    - Property managed funds – current bid price
- The change in the net pensions liability is analysed into seven components:
    - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
    - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
    - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
    - Expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
    - Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits to employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
    - Actuarial gains or losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuary has updated their assumptions – debited to the Pensions Reserve.
    - Contributions paid to the Warwickshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

- Further details of the estimation techniques and values attributed to the Pensions Liability can be found in note 41 on page 85 of these financial statements

Discretionary Benefits

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

EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

FINANCIAL INSTRUMENTS

Financial Liabilities

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

For most of the borrowings that the Authority 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 according to the loan agreement.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid (up to a maximum of 10 years for the Housing Revenue Account). The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund or Housing Revenue Account is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

- ***Loans and Receivables***

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

Where assets are identified as impaired because of 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 relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset’s original effective interest rate. Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The accounting requirements for impairing investments (such as investments placed with Icelandic Banks) have been made in line with CIPFA guidance with the reversal of previous impairment losses charged included in the surplus or deficit on the Comprehensive Income and Expenditure Statement in line with advice and information from the administrators.

FOREIGN CURRENCY TRANSACTIONS

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted to sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the exchange rate at 31st March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statements.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, or where grants are received without conditions, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

HERITAGE ASSETS

The Authority's Heritage Assets comprise a number of collections (mostly held in the museum and the Town Hall) and a small number of statues. The Museum's collections are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Authority's history and local area. The Town Hall collection consists of the civic regalia and valuables.

The carrying amount of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts exist to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the accounting policy on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

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

- **Fine Art:** The collection of fine art works are exhibited at the museum and are reported in the Balance Sheet at insurance valuation which is based on market values. These works are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation. The collection is relatively static and acquisitions and donations are rare.

- **Statues:** The Authority has 3 statues designated as heritage assets and are reported in the Balance Sheet at insurance valuation. These items are deemed to have indeterminate lives and high residual values; hence the Authority does not consider it appropriate to charge depreciation.
  Acquisitions are initially recognised at cost in the Balance Sheet and are reviewed the following year for insurance valuation purposes. The insurance valuation is an internal estimate of the value to the Authority of these pieces.

- **Museum Exhibits:** The collection of museum exhibits includes items of ethnography, social and industrial history and personalia. These items are reported in the Balance Sheet at market valuation determined by the museum curator, with reference to appropriate markets and information from sales at auctions. These items are deemed to have indeterminate lives and high residual values; hence the Authority does not consider it appropriate to charge depreciation.
  This collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at valuation ascertained by the museums curator.

- **Civic Regalia and Valuables:** The collection is held within the Town Hall and consists of chains and badges of office and gifts and donations bequeathed to the Authority. These items are valued at insurance valuation as determined by a professional valuer. These items are deemed to have indeterminate lives and high residual values; hence the Authority does not consider it appropriate to charge depreciation.
  Acquisitions are rare and where items are donated they are initially recognised at a

valuation ascertained by council officers with reference to markets and similar items held within the collection.

INTANGIBLE ASSETS

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

INVENTORIES AND LONG TERM CONTRACTS

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

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

INVESTMENT PROPERTY

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

Investment properties are measured initially at cost and subsequently at fair value. Fair value is the amount that would be paid for the asset in its existing use calculated by projecting its annual rentals into perpetuity. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment

Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

JOINTLY CONTROLLED OPERATIONS AND JOINTLY CONTROLLED ASSETS

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

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

LEASES

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease’s inception (or the present value of the minimum lease payments, if lower).

The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2012/13 (SeRCOP)*. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority’s status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

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

PROPERTY, PLANT AND EQUIPMENT

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. De minimis levels of £5,000 for the General Fund and £10,000 for the Housing Revenue Account have been set as the materiality level for assets to be included in the Balance Sheet. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase (e.g. finance lease) is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

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

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

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

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

Where decreases in value are identified, they are accounted for as follows:
- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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.

Impairment

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

Where impairment losses are identified, they are accounted for as follows:
- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie Assets Under Construction).

Depreciation is calculated on the following bases:
- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer. The depreciable value is deemed to be the total asset valuation less the value of the land.
- vehicles, plant, furniture and equipment – vehicles are depreciated on a straight line basis to a residual resale value over a period of 5 to 7 years, computer hardware is depreciated over a period of 5 years on a straight-line basis to a nil residual value

and other equipment is depreciated on a straight-line basis to a residual value over periods up to 10 years.

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

Component Accounting

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

It is the policy of this Council to consider assets for componentisation when their value is more than £500k and they have either been revalued or have incurred capital expenditure in the financial year. Individual components will be created where their value is more than 20% of the total value of the asset and has a depreciable life materially different from the main asset.

Disposals and Non-Current Assets Held for Sale

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund or Housing Revenue Account in the Movement in Reserves Statement.

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

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

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

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

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

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

Provision for Back Pay Arising from Unequal Pay Claims

The Authority has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Authority implemented its equal pay strategy. However, statutory arrangements allow settlements to be financed in the year that payments actually take place, not when the provision is established. The provision is therefore balanced by an Equal Pay Back Pay Account created from amounts credited to the General Fund and Housing Revenue Account in the year the provision was made or modified. The balance on the Equal

Pay Back Pay Account will be debited back to revenue through the Movement in Reserves Statement in future financial years as payments are made.

Contingent Liabilities

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

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

Contingent Assets

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

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

RESERVES

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies. Details can be found in note 24 to the Financial Statements on page 64.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund or Housing Revenue Account to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax or housing rent.

VAT

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

2) ACCOUNTING STANDARDS ISSUED, NOT ADOPTED

The following changes to accounting standards have not yet been implemented:

- Amendments to IAS 19 Employee Benefits, applicable to accounting periods starting on or after 1 April 2013. The actuary has provided estimates of the likely impact of the revised standard as follows.

  Changes to IAS 19 come into effect for the financial year to 31 March 2014. The changes will be adopted retrospectively for the prior year, in accordance with IAS 8. The effect of the change to IAS 19 on the Surplus or Deficit on the Provision of Services to 31st March 2013 will be an increased cost of £699k.

- Amendments to IAS 1 Presentation of Financial Statements regarding other comprehensive income and expenditure. The changes are presentational only.

3) CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- There is a high degree of uncertainty about future levels of funding for Local Government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

4) ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are detailed in the following table:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Provision – Pay Restructuring	The Authority has made a provision of £0.9m for pay protection and equal pay claims relating to the implementation of pay restructuring. The pay protection element of the provision is based on the approved pay model, updated for the appeals and restructures that have taken place since implementation. The unequal pay element of the provision is based on an assessment of the claims received and the financial liability that the Council faces, but this is an estimate.	As the cost of protection is based on the approved pay model, there are only likely to be changes if employees lodge and win Stage 2 Appeals. This would have the effect of reducing the cost of protection. Most Stage 2 appeals are now complete and the impact on protection has been calculated and reflected in the 2012/13 accounts. An increase of 10% in equal pay claims above the estimated liability would add approximately £70k to any potential settlement costs. However, this is dependent on the type of claim received and so is difficult to estimate.
Arrears	At 31st March 2013, the total arrears from sundry debts stood at £1.36m. The outstanding debts are reviewed each year and a provision for bad debts is made, dependent on the age of the debt and if an arrangement is in place. However, this is only an estimate based on previous experience and the amount provided for may not be sufficient, particularly in the current economic climate.	If collection rates were to deteriorate, the provision included in the accounts would need to increase. As different categories of provision are used depending on the type and age of debt, it is not possible to estimate how much the provision may need to increase by. However, the total provision at 31st March 2013 is £558k and so a 25% increase would lead to additional provision of £140k.
Investment Properties	Investment properties are valued on the basis of the capitalisation of the rental income for each asset using a Years Purchase factor as determined by the valuer based on local knowledge and experience. The valuation also assumes that annual rentals will be received into perpetuity	The Years Purchase factor is estimated by the valuer and any variation of this assumption would generate a different valuation of the investment property portfolio. Therefore, should the Years Purchase factor increase by 1 the valuation of the investment property portfolio would increase by approximately £2.08m. If the Years Purchase factor were to be decreased by 1 the valuation of the portfolio would decrease by approximately £2.78m.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount on the asset falls. It is estimated that the annual depreciation charge for assets would increase by approximately £560k for every year that useful lives had to be reduced.
Property, Plant & Equipment	Assets are impaired where capital additions do not add pound for pound value to the asset valuation or where they become damaged or obsolete. The asset register is reviewed each year with the appropriate section manager who utilises the assets to ensure that they are still fit for purpose and in good condition. The insurance claims register is also reviewed to identify damage claims that may affect the carrying value of the asset on the balance sheet.	It is not possible to estimate the effect of these assumptions although there is a requirement for all assets to be revalued at least every 5 years. Therefore, any differences in the impairment assumptions made would be reflected in the revaluation change identified by a qualified valuer.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	A 0.5% decrease in the Real Discount Rate used would increase the scheme liabilities by approximately £15.45m A 1 year increase in member life expectancy would increase the scheme liabilities by approximately £4.82m A 0.5% increase in the Salary Increase Rate would increase the scheme liabilities by approximately £4.65m A 0.5% increase in the Pension Increase Rate would increase the scheme liabilities by approximately £10.57m

5) MATERIAL ITEMS OF INCOME AND EXPENSE

Where material items are not disclosed on the face of the Comprehensive Income and Expenditure Statement or detailed within the notes, the Council is required to list these separately.

For 2012/13 there are no material items to report.

6) EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Director for Finance and Procurement on 17th June 2013. Events taking place after this date are not reflected in the financial statements or notes.

With effect from 1st April 2013, local government funding has changed significantly, with local authorities retaining a proportion of the business rates generated in their area.

Business rates retention also means that local authorities will assume the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This will include amounts that were paid to Central Government in respect of 2012/13 and prior years. Previously, such amounts would not have been recognised as income by the authorities, but would have been transferred to DCLG.

The Valuation Office deals with appeals against Business Rates – the local authority has no control over the decision or the timing. The latest information from the

Valuation Office indicates that there are outstanding appeals covering a Rateable Value of £22.9m and a charge of £10.8m after the appropriate multiplier has been applied. The appeals cover both the 2005 and 2010 revaluations so any successful appeals would also be backdated to the date the appeal was submitted.

However, it is not possible to reliably estimate how many appeals will be successful and what proportion of the rateable value will be affected. The timing of decisions and any resulting interest due are also unknown. The financial impact of any successful appeals will be split across Nuneaton and Bedworth, Warwickshire County and Central Government in proportion to the local and central shares of business rates (40/10/50% respectively).

For the purposes of the Statement of Accounts, an estimate has been made for the proportion of successful claims and the likely reduction in Rateable Value that would apply.

This equates to a potential liability of £1.777m, which would be split as follows:

Nuneaton and Bedworth – £711k
Warwickshire County Council – £178k
Communities and Local Government - £888k

7) ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
2012/13	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:						
Charges for depreciation & impairment of non-current assets	(2,606)	(5,398)				8,004
Revaluation losses on Property Plant & Equipment	(848)	(48)				896
Movements in the market value of Investment Properties	8					(8)
Amortisation of intangible assets	(242)					242
Capital grants and contributions applied	820	1,641				(2,461)
Income in relation to donated assets	2					(2)
Revenue expenditure funded from capital under statute	(680)					680
Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(882)	(604)				1,486
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:						
Statutory provision for the financing of capital investment	527					(527)
Capital expenditure charged against the General Fund & HRA balances	235	1,658				(1,893)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	696	248			(944)	-
Application of grants to capital financing transferred to the Capital Adjustment Account					37	(37)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income & Expenditure Statement	610	757	(1,367)			-
Use of the Capital Receipts Reserve to finance new capital expenditure			657			(657)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals		(5)	5			-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(377)		377			-

continued… 2012/13	Usable Reserves: General Fund Balance £000	Usable Reserves: Housing Revenue Account £000	Usable Reserves: Capital Receipts Reserve £000	Usable Reserves: Major Repairs Reserve £000	Usable Reserves: Capital Grants Unapplied £000	Unusable Reserves £000
Adjustment primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income & Expenditure Statement	21					(21)
Adjustments primarily involving the Major Repairs Reserve:						
Transfer of amount equal to HRA depreciation		5,398		(5,398)		-
Additional voluntary contribution to the Major Repairs Reserve		341		(341)		
Use of the Major Repairs Reserve to finance new capital expenditure				5,739		(5,739)
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	32	125				(157)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement (see Note 43)	(2,670)	(1,256)				3,926
Employer's pensions contribution and direct payments to pensioners payable in the year.	1,880	807				(2,687)
Adjustment primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1					(1)
Adjustment primarily involving the Unequal Pay Back Pay Adjustment Account:						
Amount by which amounts charged for equal pay claims to the Comprehensive Income & Expenditure Statement are different from the costs of settlements chargeable in the year according to statutory requirements.	(57)	(77)				134
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2)	12				(10)
Total Adjustments 2012/13	**(3,532)**	**3,599**	**(328)**	**-**	**(907)**	**1,168**

	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
2011/12	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:						
Charges for depreciation & impairment of non-current assets	(2,418)	(5,779)				8,197
Revaluation losses on Property Plant & Equipment	(917)	2,864				(1,947)
Movements in the market value of Investment Properties	(281)					281
Amortisation of intangible assets	(319)					319
Capital grants and contributions applied	1,796					(1,796)
Movement in the Donated Assets Account						-
Revenue expenditure funded from capital under statute	(876)	(71,455)				72,331
Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(1,704)	(404)				2,108
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:						
Statutory provision for the financing of capital investment	628	55				(683)
Capital expenditure charged against the General Fund & HRA balances	795					(795)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	40				(40)	
Application of grants to capital financing transferred to the Capital Adjustment Account					643	(643)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income & Expenditure Statement	2,433	850	(3,283)			
Use of the Capital Receipts Reserve to finance new capital expenditure			2,903			(2,903)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(1)	(4)	5			
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(632)		632			
Transfer from Deferred Capital Receipts Reserve upon receipt of cash			-			-

continued… 2011/12	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Adjustment primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income & Expenditure Statement	450					(450)
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA		3,890		(3,890)		
Use of the Major Repairs Reserve to finance new capital expenditure				3,890		(3,890)
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	31	117				(148)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement (see Note 43)	(2,195)	(1,032)				3,227
Employer's pensions contribution and direct payments to pensioners payable in the year.	1,794	728				(2,522)
Adjustment primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(77)					77
Adjustment primarily involving the Unequal Pay Back Pay Adjustment Account:						
Amount by which amounts charged for equal pay claims to the Comprehensive Income & Expenditure Statement are different from the costs of settlements chargeable in the year according to statutory requirements.	(107)	(400)				507
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	38	20				(58)
Total Adjustments 2011/12	**(1,522)**	**(70,550)**	**257**	**-**	**603**	**71,212**

8) TRANSFERS TO/ FROM EARMARKED RESERVES

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

	Balance at 01 Apr 11 £000	Net transfers (in)/ out 2011/12 £000	Balance at 31 Mar 12 £000	Net transfers (in)/ out 2012/13 £000	Balance at 31 Mar 13 £000
Revenue Reserves					
Repairs & Maintenance - Buildings	**(43)**	(128)	**(171)**	-	**(171)**
New Homes Bonus	**-**	(215)	**(215)**	(538)	**(753)**
Area Based Grant	**(250)**	-	**(250)**	15	**(235)**
Camp Hill Urban Village Scheme	**(99)**	34	**(65)**	34	**(31)**
Corporate Priorities Pool	**(400)**	-	**(400)**	-	**(400)**
Insurance Fund	**(622)**	(74)	**(696)**	(50)	**(746)**
Housing and Planning Delivery Grant	**(168)**	-	**(168)**	(78)	**(246)**
Communities for Health	**(195)**	87	**(108)**	14	**(94)**
Pay Restructuring	**(228)**	(496)	**(724)**	(520)	**(1,244)**
LABGI	**(1,241)**	147	**(1,094)**	(31)	**(1,125)**
Skills and Development	**(432)**	77	**(355)**	26	**(329)**
Community Plan	**(276)**	-	**(276)**	-	**(276)**
Other revenue reserves	**(60)**	(212)	**(272)**	(272)	**(544)**
Unspecified Government Grants	**(418)**	(73)	**(491)**	(66)	**(557)**
	(4,432)	(853)	**(5,285)**	(1,466)	**(6,751)**
Capital Reserves					
Leisure Replacement	**(314)**	(28)	**(342)**	(29)	**(371)**
Vehicle Replacement	**(117)**	(33)	**(150)**	(500)	**(650)**
IT Replacement	**(1)**	(134)	**(135)**	(156)	**(291)**
CCTV Replacement	**-**	-	**-**	(50)	**(50)**
General Capital Investment	**-**	(400)	**(400)**	(36)	**(436)**
HRA Capital Investment	**-**	(500)	**(500)**	(2,550)	**(3,050)**
Other Capital reserves	**(100)**	(463)	**(563)**	80	**(483)**
	(532)	(1,558)	**(2,090)**	(3,241)	**(5,331)**
Total Reserves	**(4,964)**	(2,411)	**(7,375)**	(4,707)	**(12,082)**

9) OTHER OPERATING EXPENDITURE

2011/12 £000		2012/13 £000
632	Payments to the Government Housing Capital Receipts Pool	377
(1,175)	(Gains)/ losses on the disposal of non-current assets	116
(543)	**Total**	**493**

10) FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2011/12 £000		2012/13 £000
820	Interest payable & similar charges	2,663
7,136	Pensions interest cost	6,681
(6,380)	Expected return on pension assets	(5,488)
(875)	Interest receivable and similar income	(349)
(732)	Income & expenditure in relation to investment properties and changes in their fair value	(718)
(31)	**Total**	**2,789**

The substantial increase in interest payable is due to the Authority being required to take an additional £71.4m of borrowing to fund the HRA Self Financing settlement following the abolition of the HRA national subsidy system on 1st April 2012. The Authority's previous obligation to pay approximately £5m per annum to central Government as part of the subsidy system has now been removed.

11) TAXATION AND NON-SPECIFIC GRANT INCOME

2011/12 £000		2012/13 £000
(8,055)	Council tax income	(8,081)
(5,892)	Non domestic rates	(6,983)
	Non-ringfenced government grants:	
(1,821)	Revenue Support Grant	(135)
(201)	Council Tax Freeze Grant	(202)
(215)	New Homes Bonus	(543)
(556)	Disabled Facilities Grant	(603)
(1,280)	Capital grants & contributions	(2,804)
(18,020)	**Total**	**(19,351)**

12) PROPERTY, PLANT AND EQUIPMENT

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation							
At 01 April 12	131,283	51,485	10,786	6,018	336	33	**199,941**
Additions	8,853	703	528	19	-	37	**10,140**
Accumulated Depreciation and Impairment to Gross Carrying Amount	-	(696)	(542)	-	-	-	**(1,238)**
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	-	423	-	-	-	-	**423**
Revaluation increases/ (decreases) recognised in the Surplus/ Deficit on Provision of Services	(48)	(878)	-	-	-	-	**(926)**
Derecognition - disposals	(369)	(835)	(761)	-	-	-	**(1,965)**
Assets reclassified (to)/ from Investment Properties	-	(26)	-	-	-	-	**(26)**
Other movements in Cost or Valuation	-	-	(12)	-	-	(49)	**(61)**
At 31 March 13	**139,719**	**50,176**	**9,999**	**6,037**	**336**	**21**	**206,288**
Accumulated Depreciation & Impairment							
At 01 April 12	(5,558)	(4,035)	(5,732)	(3,458)	(74)	-	**(18,857)**
Depreciation charge	(5,239)	(1,518)	(982)	(154)	(8)	-	**(7,901)**
Accumulated Depreciation written off to Gross Carrying Amount	-	675	542	-	-	-	**1,217**
Accumulated Impairment written off to Gross Carrying Amount	-	21	-	-	-	-	**21**
Impairment losses recognised in the Revaluation Reserve	-	(59)	-	-	-	-	**(59)**
Impairment losses recognised in the Surplus/ Deficit on the Provision of Services	-	(86)	-	-	-	-	**(86)**
Derecognition - disposals	11	12	712	-	-	-	**735**
At 31 March 13	**(10,786)**	**(4,990)**	**(5,460)**	**(3,612)**	**(82)**	**-**	**(24,930)**
Net Book Value							
at 31 March 12	125,725	47,450	5,054	2,560	262	33	181,084
at 31 March 13	**128,933**	**45,186**	**4,539**	**2,425**	**254**	**21**	**181,358**
Nature of Holdings at year end							
Owned	128,933	45,186	4,539	2,425	254	21	**181,358**
Finance Lease	-	-	-	-	-	-	**-**

Comparative Movements in 2011/12:

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation							
At 01 April 11	130,235	44,591	8,901	5,889	985	265	**190,866**
Additions	4,018	2,346	1,983	87	6	569	**9,009**
Accumulated Depreciation and Impairment to Gross Carrying Amount	(5,602)	(977)	-	-	-	-	**(6,579)**
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	195	6,044	-	-	20	-	**6,259**
Revaluation increases/ (decreases) recognised in the Surplus/ Deficit on Provision of Services	2,844	(897)	-	-	-	-	**1,947**
Derecognition - disposals	(407)	(497)	(400)	-	-	-	**(1,304)**
Assets reclassified (to)/ from Held for Sale	-	(257)	-	-	-	-	**(257)**
Other movements in Cost or Valuation	-	1,132	302	42	(675)	(801)	**-**
At 31 March 12	**131,283**	**51,485**	**10,786**	**6,018**	**336**	**33**	**199,941**
Accumulated Depreciation & Impairment							
At 01 April 11	(5,552)	(3,449)	(5,181)	(3,302)	(141)	-	**(17,625)**
Depreciation charge	(2,195)	(1,431)	(943)	(156)	(40)	-	**(4,765)**
Accumulated Depreciation written off to Gross Carrying Amount	1,917	801	-	-	-	-	**2,718**
Accumulated Impairment written off to Gross Carrying Amount	3,685	176	-	-	-	-	**3,861**
Impairment losses recognised in the Revaluation Reserve	-	(21)	-	-	-	-	**(21)**
Impairment losses recognised in the Surplus/ Deficit on the Provision of Services	(3,416)	(16)	-	-	-	-	**(3,432)**
Derecognition - disposals	3	6	392	-	-	-	**401**
Assets reclassified (to)/ from Held for Sale	-	6	-	-	-	-	**6**
Other movements in Depreciation and Impairment	-	(107)	-	-	107		**-**
At 31 March 12	**(5,558)**	**(4,035)**	**(5,732)**	**(3,458)**	**(74)**	**-**	**(18,857)**
Net Book Value							
at 31 March 11	124,683	41,142	3,720	2,587	844	265	173,241
at 31 March 12	**125,725**	**47,450**	**5,054**	**2,560**	**262**	**33**	**181,084**
Nature of Holdings at year end							
Owned	125,725	47,450	4,970	2,560	262	33	**181,000**
Finance Lease	-	-	84	-	-	-	**84**

- **Depreciation**

  The following useful lives, as determined by the valuer, have been used in the calculation of depreciation on a straight line basis:

Council Dwellings:	20 to 60 years
Other Land and Buildings:	10 to 50 years
Vehicles, Plant Furniture and Equipment:	5 to 10 years
Infrastructure:	25 to 50 years

  The increase in depreciation in Council Dwellings in 2012/13 when compared to 2011/12 is due to a change in the calculation of depreciation following HRA self financing being implemented in 2012/13.

- **Capital Commitments**

  At 31st March 2013, there was one material capital commitment. The Council has entered into a contract with Apollo to provide improvement works on the Council's housing stock. The contract commenced in October 2011 and is to run for 3 years until September 2014 with a guaranteed minimum contract value of £2.1m per annum. Therefore, the minimum contracted amount for future years is 2013/14 £2.1m and 2014/15 £1.05m.

- **Revaluations**

  The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every 5 years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out on the professional standards of the Royal Institute of Chartered Surveyors. The effective date of all revaluations was 1st April 2012. Fair value is 'The amount for which an asset could be exchanged between knowledgeable, willing parties, in an arms length transaction' and therefore represents the price that would be reasonably agreed between two specific parties for the exchange of an asset.

  The significant assumptions applied in estimating the fair values are:

  - The fair value of land and buildings has been determined either by reference to observable prices in an active market or by other valuation techniques (e.g. capitalisation of income streams)

  - Vehicles, plant and equipment are capitalised at cost in the year of purchase (i.e. fair value) and then held at historic cost in subsequent years due to the short life nature of the asset.

The effective date of valuations for assets held by the Authority is analysed in the following table:

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Total
	£000	£000	£000	£000
Carried at historical cost		-	9,999	9,999
valued at fair value in:				
2012/13	-	709	-	709
2011/12	139,719	15,649	-	155,368
2010/11	-	6,881	-	6,881
2009/10	-	26,524	-	26,524
2008/09	-	413	-	413
Total Cost or Valuation	**139,719**	**50,176**	**9,999**	**199,894**

13) HERITAGE ASSETS

Reconciliation of the carrying value of Heritage Assets Held by the Authority:

	Fine Art	Museum Exhibits	Civic Regalia & Valuables	Statues	Total Heritage Assets
	£000	£000	£000	£000	£000
At 01 April 11	**336**	**509**	**347**	**163**	**1,355**
Revaluations	(58)	0	0	0	**(58)**
Impairment losses/ (reversals) recognised in the Revaluation Reserve	(15)	0	0	0	**(15)**
At 31 March 12	**263**	**509**	**347**	**163**	**1,282**
At 01 April 12	**263**	**509**	**347**	**163**	**1,282**
Additions	2	0	0	0	**2**
Disposals	0	(7)	0	0	**(7)**
At 31 March 13	**265**	**502**	**347**	**163**	**1,277**

Fine Art: The Authority's collection of fine art is reported in the Balance Sheet at insurance valuation which is based on market values. The collection consists of works of art from various artists including some from within the Nuneaton and Bedworth area. Some of the collection is exhibited in the museum in Nuneaton with the remainder held in storage.

Museum Exhibits: The museum collections consist of more than 13,000 items which include ethnography, social and industrial history and personalia. These items are held on the balance sheet at a market valuation determined by the curator, making reference to appropriate markets and auction sales.

Civic Regalia & Valuables: This collection consists of the civic chains and badges along with other items gifted to the borough by visiting dignitaries or by outgoing mayors. The collection is kept in the Town Hall within the Mayors Parlour. The items were last valued in March 2009 by Gildings Auctioneers & Valuers for insurance purposes based on market values and are therefore hold on the Balance Sheet on this basis.

Statues: The Authority has a small number of statues in the borough which are recognised in the balance sheet at insurance valuation, determined by officers within the Council.

Five Year Summary of Transactions

The Code requires the Council to disclose information on the acquisitions and disposals of Heritage Assets over the previous five years. However, the adoption of this new standard to recognise Heritage Assets has allowed for information not to be given for any period before 1st April 2010 where it is not practicable to do so. Therefore, as it is not practicable to recover this information, no details on acquisitions and disposals will not be provided prior to 1st April 2010.

	2010/11 £000	2011/12 £000	2012/13 £000
Value of assets acquired:			
Donations			
Fine Art	0	0	2
Value of assets disposed of:			
Museum exhibits	0	0	(7)
Value of impairments:			
Fine Art	0	(15)	0

The disposal of the asset in 2012/13 relates to the theft of a secretaire (portable writing desk) from a display case in the George Eliot Gallery. The police were notified and to date the item has not been recovered. Security has been reviewed and the display cases have now had metal plates screwed to them to provide an additional level of security. CCTV has now also been introduced into the museum.

Preservation and Management

Museum and Fine Art: As the Council has restricted funds with which to pay for remedial conservation, the focus of expenditure is on preventative conservation most particularly in the monitoring and control of environment conditions using a telemetric monitoring system and the use of humidifiers to stabilise the proportion of moisture in the air. Currently the focus is on providing documentation for the whole of the collection. Good progress is being made in creating a basic record of all items currently cared for by the museum.

14) INVESTMENT PROPERTIES

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

2011/12 £000		2012/13 £000
(1,443)	Rental income from investment property	(1,155)
(8)	Other Income	(10)
438	Operating expenses arising from investment property	455
(1,013)	**Net (gain)/ loss**	**(710)**

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

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

2011/12 £000		2012/13 £000
18,300	Balance at 1 April	18,362
	Additions:	
343	Subsequent expenditure	224
(281)	Net gains/ (losses) from fair value adjustments	8
	Transfers:	
-	to/ from Property, Plant & Equipment	26
18,362	**Balance at 31 March**	**18,620**

15) INTANGIBLE ASSETS

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to software packages are 5 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £242k charged to revenue in 2012/13 was charged to the IT administration service and then absorbed as an overhead cost across all services in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on intangible asset balances during the year is as follows:

2011/12 £000		2012/13 £000
	Balance at 1 April	
3,677	Gross carrying amounts	3,809
(2,908)	Accumulated amortisation	(3,227)
769	**Net carrying amount at 1 April**	**582**
132	Additions through purchases	28
(319)	Amortisation for the period	(242)
582	**Net carrying amount at 31 March**	**368**
	Comprising:	
3,809	Gross carrying amounts	3,837
(3,227)	Accumulated amortisation	(3,469)
582		**368**

16) FINANCIAL INSTRUMENTS

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

	Long Term		Current	
	31 March 12 £000	31 March 13 £000	31 March 12 £000	31 March 13 £000
Investments				
Loans and receivables (principal amount)	2,106	1,568	3,021	5,000
+ Accrued interest	-	-	43	64
+/- other accounting adjustments	(353)	(290)	-	-
Total Investments	**1,753**	**1,278**	**3,064**	**5,064**
Cash and Cash Equivalents				
Loans and receivables *(short term and instant cash deposits)*	-	-	6,584	11,509
Debtors				
Loans and receivables	1,998	1,993	2	3
Financial assets carried at contract amounts	-	-	2,935*	4,426
Total Debtors	**1,998**	**1,993**	**2,937**	**4,429**
Borrowings				
Financial liabilities at amortised cost (principal amount)	(88,244)	(85,718)	(431)	(2,596)
+ Accrued interest	-	-	(204)	(561)
Total Borrowings	**(88,244)**	**(85,718)**	**(635)**	**(3,157)**
Creditors				
Financial liabilities carried at contract amount	-	-	(6,815)	(8,633)
Total Creditors	**-**	**-**	**(6,815)**	**(8,633)**

* The debtors value of £2,935k has been restated from that published in the 2011/12 accounts due to a reassessment of our financial instruments.

Income, Expense, Gains and Losses

	2011/12			2012/13		
	Financial liabilities measured at amortised cost £000	**Financial Assets: Loans and receivables £000**	**Total £000**	**Financial liabilities measured at amortised cost £000**	**Financial Assets: Loans and receivables £000**	**Total £000**
Interest expense	818	-	**818**	2,632	-	**2,632**
Reductions in fair value	-	2	**2**	-	-	**-**
Impairment losses	-	-	**-**	-	31	**31**
Total expense in Surplus or Deficit on the Provision of Services	**818**	**2**	**820**	**2,632**	**31**	**2,663**
Interest income	-	(568)	**(568)**		(262)	**(262)**
Interest income accrued on impaired financial assets	-	(134)	**(134)**		(85)	**(85)**
Gains in fair value	-	-	**-**	-	(2)	**(2)**
Impairment reversals	-	(173)	**(173)**		-	**-**
Total income in Surplus or Deficit on the Provision of Services	**-**	**(875)**	**(875)**	**-**	**(349)**	**(349)**
Net (gain)/ loss for the year	**818**	**(873)**	**(55)**	**2,632**	**(318)**	**2,314**

Fair values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments using the following assumptions:

- New loan rates for loans from the PWLB as at 31st March;
- Equivalent lending rates for market loans;
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value;
- The fair value of trade and other receivables is taken to be the invoices or billed amount.

The fair values calculated are as follows:

	31 March 12 Carrying amount £000	31 March 12 Fair Value £000	31 March 13 Carrying amount £000	31 March 13 Fair Value £000
PWLB debt	(86,385)	(81,784)	(86,743)	(87,830)
Non-PWLB debt	(2,424)	(2,312)	(2,062)	(2,027)
Short term borrowing	(70)	(70)	(70)	(70)
Short term creditors	(6,815)	(6,815)	(8,633)	(8,633)
Total Liabilities	**(95,694)**	**(90,981)**	**(97,508)**	**(98,560)**

	31 March 12 Carrying amount £000	31 March 12 Fair Value £000	31 March 13 Carrying amount £000	31 March 13 Fair Value £000
Cash & cash equivalents	6,584	6,584	11,509	11,509
Short term investments	3,064	3,064	5,064	5,064
Long term investments	1,753	1,753	1,278	1,278
Short term debtors	2,937	2,937	4,429	4,429
Long term debtors	1,998	1,998	1,983	1,983
Total Assets	**16,336**	**16,336**	**24,263**	**24,263**

* The short term debtors total of £2,937k as at 31 March 2012 has been restated from that reported in the 2011/12 financial statements due to a reassessment of our financial instruments.

The fair value of the short term assets is equal to the carrying amount as the majority of the assets are held short term and therefore the carrying amount is deemed to be the fair value of the asset. The long term assets are held on the balance sheet at their fair value.

17) INVENTORIES

The balance of stock/ goods unused or unsold at 31st March are detailed in the following table:

	Depot 2011/12 £000	Depot 2012/13 £000	Transport 2011/12 £000	Transport 2012/13 £000	Goods for re-sale 2011/12 £000	Goods for re-sale 2012/13 £000	Total 2011/12 £000	Total 2012/13 £000
Balance outstanding at 1 April	45	**112**	32	**33**	13	**17**	90	**162**
Net movement in year	67	**(2)**	1	59	4	**(10)**	72	**47**
Balance outstanding at 31 March	112	**110**	33	**92**	17	**7**	162	**209**

18) DEBTORS

2011/12 £000		2012/13 £000
	Amounts due within one year:	
1,425	Central Government bodies	294
1,866	Other Local Authorities	1,698
1,350	Housing tenants	1,710
330	Council tax arrears	352
3,779	Other	6,223
310	Payments in advance	368
9,060	**Total amounts due**	**10,645**
	Less provisions held for bad and doubtful debts:	
(1,175)	General debts	(1,469)
(998)	Housing tenants	(1,134)
(87)	Council tax	(88)
6,800	**Total**	**7,954**

19) CASH AND CASH EQUIVALENTS

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

2011/12 £000		2012/13 £000
6,329	Cash held by the Authority	5,876
261	Bank current accounts	(367)
-	Short-term deposits with banks and building societies	6,006
6,590	**Total Cash and Cash Equivalents**	**11,515**

20) ASSETS HELD FOR SALE

2011/12 £000		2012/13 £000
1,204	Balance at 1 April:	251
	Assets newly classified as held for sale:	
251	Property, Plant and Equipment	-
(1,204)	Assets sold	(251)
251	**Balance outstanding at 31 March**	**-**

21) CREDITORS

2011/12 £000		2012/13 £000
(563)	Central Government bodies	(1,693)
(577)	Other Local Authorities	(737)
(27)	Public Corporations and trading funds	-
(5,953)	Other entities and individuals	(6,889)
(7,120)	**Total**	**(9,319)**

22) PROVISIONS

	Termination and pension costs £000	Single Status £000	Housing Benefit Claim £000	Land Charges £000	Total £000
2012/13					
Balance at 01 April 12	**-**	**(1,273)**	**(187)**	**-**	**(1,460)**
Provisions made in year	(23)	(147)	-	(129)	(299)
Amount used in year	-	402	187	-	589
Amounts reversed in year	-	106	-	-	106
Balance at end of 31 March 13	**(23)**	**(912)**	**-**	**(129)**	**(1,064)**

- ***Single Status:*** Single Status was approved by Cabinet in November 2011 and implemented from 1st March 2012 and included a 2-year protection period for employees whose pay would reduce. Cabinet also approved a 9 month protection for those employees who received a consolidated bonus. Protection is due to end in March 2014, and the estimated cost up to that point is £74k (£60k General Fund, £14k HRA), which has been included as a provision.

  Since implementation, the Council has also received a number of equal pay claims. A provision has been included in the accounts based on an assessment of the claims and the maximum financial liability that the Council faces. This amounts to £318k for the General Fund and £520k for the HRA. These costs have increased slightly from the 2011/12 provision, based on claims received to date. The code allows for the costs of unequal pay claims to be deferred until they have actually been incurred and so an unequal pay back pay account has also been included in the accounts which reverses out the impact from the CIES.

- ***Revocation of Personal Search Fees*****:** A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. Formal proceedings have not yet been issued but the Council has been informed of a number of claims that are pending. We do not have all the information available as yet to validate the claims and a provision has been included in the accounts based on an estimate of likely liability.

- ***Housing Benefit Claim***: The claw-back of overpaid Housing and Council Tax Benefit subsidy by the Department of Work and Pensions has been settled during 2012/13 and the provision has been fully utilised.

23) USABLE RESERVES

Usable reserves are those that can be applied to fund expenditure or reduce local taxation. Movements in the Authority's Usable Reserves are detailed in the Movement in Reserves Statement and note 7.

24) UNUSABLE RESERVES

31 March 12 £000		31 March 13 £000
(16,605)	Revaluation Reserve	(15,909)
-	Available for Sale Financial Instruments Reserve	-
(91,335)	Capital Adjustment Account	(92,411)
525	Financial Instruments Adjustment Account	368
39,374	Pensions Reserve	47,059
(451)	Deferred Capital Receipts Reserve	(472)
6	Collection Fund Adjustment Account	5
704	Unequal Pay Back Pay Account	838
130	Accumulated Absences Account	120
(67,652)	**Total Unusable Reserves**	**(60,402)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:
- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

2011/12 £000			2012/13 £000
(10,965)	Balance at 1 April		(16,605)
(6,337)	Upward revaluation of assets	(422)	
171	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	58	
(6,166)	Surplus or deficit on the revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		**(364)**
338	Difference between fair value depreciation and historical cost depreciation	515	
188	Accumulated gains on assets sold or scrapped	545	
526	Amount written off to the Capital Adjustment Account		1,060
(16,605)	**Balance at 31 March**		**(15,909)**

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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

2011/12 £000			2012/13 £000
(161,388)	Balance at 1 April		(91,335)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
8,197	Charges for depreciation and impairment of non-current assets	8,004	
(1,947)	Revaluation losses on Property, Plant and Equipment	896	
319	Amortisation of intangible assets	242	
72,331	Revenue expenditure funded from capital under statute	680	
2,108	Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	1,486	
81,008			11,308
(526)	Adjusting amounts written out of the Revaluation Reserve		(1,060)
80,482	Net written out amount of the cost of non-current assets consumed in the year		10,248
	Capital financing applied in the year:		
(2,903)	Use of Capital Receipts Reserve to finance new capital expenditure	(657)	
(3,890)	Use of Major Repairs Reserve to finance new capital expenditure	(5,739)	
(1,796)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,463)	
(643)	Application of grants to capital financing from the Capital Grants Unapplied Account	(37)	
(683)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(527)	
(795)	Capital expenditure charged against the General Fund and HRA Balances	(1,893)	
(10,710)			(11,316)
281	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(8)
(91,335)	**Balance at 31 March**		**(92,411)**

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 Authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

2011/12 £000			2012/13 £000
673	Balance at 1 April		525
(138)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirments	(146)	
(10)	Movement in fair value of soft loan	(11)	
(148)	Amount by which finance costs charge to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirments		**(157)**
525	**Balance at 31 March**		**368**

Pensions Reserve

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

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2011/12 £000		2012/13 £000
30,872	Balance at 1 April	39,374
7,797	Actuarial gains or losses on pensions assets and liabilities	6,446
3,227	Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	3,926
(2,522)	Employer's contributions and direct payments to pensioners payable in the year	(2,687)
39,374	**Balance at 31 March**	**47,059**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

During 2011/12 a number of secured loans for home improvements were transferred into the Council’s name. These loans are secured against the properties of the borrower with a legal charge against the property applied. A corresponding amount is reflected in Long Term Debtors on the Balance Sheet. A further £21k of unsecured loans were transferred to the Council in 2012/13 with a corresponding amount reflected in Long Term Debtors on the Balance Sheet.

2011/12 £000		2012/13 £000
(1)	Balance at 1 April	(451)
(450)	Transfer of deferred sale proceeds credited to the Comprehensive Income and Expenditure Statement	(21)
-	Transfer to Capital Receipts Reserve upon receipt of cash	-
(451)	**Balance at 31 March**	**(472)**

Collection Fund Adjustment Account

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

2011/12 £000		2012/13 £000
(71)	Balance at 1 April	6
77	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1)
6	**Balance at 31 March**	**5**

Unequal Pay Back Pay Account

The Unequal Pay Back Pay Account compensates for the differences between the rate at which the Authority provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the General Fund Balance until such time as cash might be paid out to claimants.

2011/12 £000			2012/13 £000
197	Balance at 1 April		704
507	Increase in provision for back pay in relation to Equal Pay cases	142	
-	Cash settlements paid in the year	(8)	
507	Amounts by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements		**134**
704	**Balance at 31 March**		**838**

Accumulated Absences Account

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

2011/12 £000			2012/13 £000
188	Balance at 1 April		130
(188)	Settlement or cancellation of accrual made at the end of the preceding year	(130)	
130	Amounts accrued at the end of the current year	120	
(58)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		**(10)**
130	**Balance at 31 March**		**120**

25) CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2011/12 £000		2012/13 £000
(516)	Interest received	(229)
797	Interest paid	2,275

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2011/12 £000		2012/13 £000
(8,197)	Depreciation & impairment	(7,987)
1,666	Revaluations	(919)
(319)	Amortisation	(242)
(505)	Increase/ (decrease) in impairment for bad debts	(400)
(290)	Movement in creditors	458
1,554	Movement in debtors	327
72	Movement in stock	47
(254)	Movement in provisions	396
(705)	Movement in pension liability	(1,239)
(2,108)	Carrying amount of non-current assets sold or de-recognised	(1,485)
623	Other non-cash items	(12)
(8,463)	**Total Adjustment**	**(11,056)**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2011/12 £000		2012/13 £000
3,278	Proceeds from the sale of Property, Plant & Equipment; Investment Property & Intangible Assets	1,375
1,644	Capital grants reflected in net surplus or deficit that relate to financing activities	3,128
(71,455)	HRA Reform settlement	
(66,533)	**Total Adjustment**	**4,503**

26) CASH FLOW STATEMENT – INVESTING ACTIVITIES

2011/12 £000		2012/13 £000
8,117	Purchase of property, plant and equipment; investment property and intangible assets	7,893
6,500	Purchase of short-term and long-term investments	7,000
72,455	Other payments for investing activities	-
(3,278)	Proceeds from the sale of property, plant and equipment; investment property and intangible assets	(1,375)
(7,425)	Proceeds from short-term and long-term investments	(5,553)
(2,074)	Other receipts from investing activities	(1,916)
74,295	**Net cash flows from investing activities**	**6,049**

27) CASH FLOW STATEMENT – FINANCING ACTIVITIES

2011/12 £000		2012/13 £000
(74,790)	Cash receipts from short-term and long-term borrowing	-
(1,807)	Other receipts from financing activities	(920)
108	Cash payments for the reduction of the outstanding liabilities relating to finance leases	32
3,026	Repayments of short-term and long-term borrowing	361
687	Other payments for financing activities	49
(72,776)	**Net cash flows from financing activities**	**(478)**

28) AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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

- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year under IAS19.

- the finance lease repayment charges are charged in full to the portfolio as opposed to being split between interest cost and repayment of the outstanding liability.

- the costs and income relating to investment properties are shown within the portfolio whereas they are charges/ credited to financing and investment income on the face of the Comprehensive Income and Expenditure Statement.

The income and expenditure of the Authority's portfolios for the 2012/13 and 2011/12 are detailed in the following tables:

Prior year comparators have been restated due to changes in the information reported during 2012/13.

Portfolio Income and expenditure	**Central Services £000**	**Arts & Leisure £000**	**Finance & Civic Affairs £000**	**Health & Environment £000**	**Housing £000**	**Planning & Development £000**	**Housing Revenue Account £000**	**Total £000**
2012/13								
Fees, charges and other service income	(360)	(1,070)	(2,089)	(1,029)	(538)	(2,932)	(23,011)	**(31,029)**
Interest and investment	-	-	-	-	-	-	(39)	**(39)**
Government grants and contributions	(160)	(198)	(48,311)	(243)	(342)	(4)	(1,007)	**(50,265)**
Total income	**(520)**	**(1,268)**	**(50,400)**	**(1,272)**	**(880)**	**(2,936)**	**(24,057)**	**(81,333)**
Employee expenses	545	1,230	2,154	2,790	603	1,514	4,537	**13,373**
Other service expenses	657	5,337	47,997	1,628	471	993	10,680	**67,763**
Support service recharges	598	510	2,104	501	297	714	2,179	**6,903**
Depreciation, amortisation & impairment	21	919	52	448	42	628	5,413	**7,523**
Interest Payments	-	-	-	-	-	-	2,181	**2,181**
Total operating expenses	**1,821**	**7,996**	**52,307**	**5,367**	**1,413**	**3,849**	**24,990**	**97,743**
Net Expenditure	**1,301**	**6,728**	**1,907**	**4,095**	**533**	**913**	**933**	**16,410**

Portfolio Income and expenditure	**Central Services £000**	**Arts & Leisure £000**	**Finance & Civic Affairs £000**	**Health & Environment £000**	**Housing £000**	**Planning & Development £000**	**Housing Revenue Account £000**	**Total £000**
2011/12 comparative figures (* restated)								
Fees, charges & other service income	(361)	(1,159)	(2,398)	(1,313)	(292)	(2,844)	(21,351)	**(29,718)**
Interest and investment	-	-	-	-	-	-	(25)*	**(25)**
Government grants & contributions	(157)	(204)	(46,428)	(214)	(281)	(34)	(1,103)	**(48,421)**
Total income	**(518)**	**(1,363)**	**(48,826)**	**(1,527)**	**(573)**	**(2,878)**	**(22,479)**	**(78,164)**
Employee expenses	410	1,123	1,770	2,765	666	1,580	4,647	**12,961**
Other service expenses	491	5,589	46,313	2,298	1,075	1,031	11,146*	**67,943**
Support service recharges	731	482	2,170	464	282	780	2,129	**7,038**
Depreciation, amortisation & impairment	32	997*	50	610*	42	738*	3,891*	**6,360**
Interest Payments	-	-	-	-	-	-	339*	**339**
Total operating expenses	**1,664**	**8,191**	**50,303**	**6,137**	**2,065**	**4,129**	**22,152**	**94,641**
Net Expenditure	**1,146**	**6,828**	**1,477**	**4,610**	**1,492**	**1,251**	**(327)**	**16,477**

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

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

2011/12 £000		**2012/13 £000**
16,477	Net expenditure in the Portfolio Analysis	16,410
72,361	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	1,143
(942)	Amounts included in the analysis not included in the Cost of Services	(5,427)
87,896	**Cost of Services in Comprehensive Income and Expenditure Statement**	**12,126**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2012/13	Portfolio Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in the Cost of Services £000	Allocation of recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(31,029)	(16)	1,165	(329)	**(30,209)**	(1,165)	**(31,374)**
Interest and investment income	(39)	-	39	-	**-**	(5,837)	**(5,837)**
Income from council tax	-	-	-	-	**-**	(8,081)	**(8,081)**
Government grants and contributions	(50,265)	-	-	-	**(50,265)**	(11,270)	**(61,535)**
Total Income	**(81,333)**	**(16)**	**1,204**	**(329)**	**(80,474)**	**(26,353)**	**(106,827)**
Employee expenses	13,373	149	(105)	4,132	**17,549**	107	**17,656**
Pension Costs/ (Gains)	-	277	-	-	**277**	-	**277**
Other service expenses	67,763	271	(4,900)	2,522	**65,656**	308	**65,964**
Support service recharges	6,903	26	(39)	(6,928)	**(38)**	40	**2**
Depreciation, amortisation and impairment	7,523	436	594	603	**9,156**	(8)	**9,148**
Interest Payments	2,181		(2,181)	-	**-**	9,344	**9,344**
Precepts and Levies	-	-	-	-	**-**	-	**-**
Payments to Housing Capital Receipts Pool	-	-	-	-	**-**	377	**377**
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	**-**	116	**116**
Total Expenditure	**97,743**	**1,159**	**(6,631)**	**329**	**92,600**	**10,284**	**102,884**
(Surplus) or deficit on the provision of services	**16,410**	**1,143**	**(5,427)**	**-**	**12,126**	**(16,069)**	**(3,943)**

	Portfolio Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in the Cost of Services £000	Allocation of recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
2011/12 comparative figures (* restated)							
Fees, charges and other service income	(29,718)	(450)	1,456	(366)	**(29,078)**	(1,451)	**(30,529)**
Interest and investment income	(25)*	-	25*	-	**-**	(7,255)	**(7,255)**
Income from council tax	-	-	-	-	**-**	(8,055)	**(8,055)**
Government grants and contributions	(48,421)	-	-	(37)	**(48,458)**	(9,965)	**(58,423)**
Total Income	**(78,164)**	**(450)**	**1,481**	**(403)**	**(77,536)**	**(26,726)**	**(104,262)**
Employee expenses	12,961	541	(73)	4,330	**17,759**	75	**17,834**
Pension Costs/ (Gains)	-	270	-	-	**270**	-	**270**
Other service expenses	67,943*	71,600	(1,006)*	2,355	**140,892**	313	**141,205**
Support service recharges	7,038*	134	(47)	(7,174)*	**(49)**	49	**-**
Depreciation, amortisation and impairment	6,360*	266*	(958)*	892*	**6,560**	282	**6,842**
Interest Payments	339*	-	(339)*	-	**-**	7,956	**7,956**
Payments to Housing Capital Receipts Pool	-	-	-	-	**-**	632	**632**
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	**-**	(1,175)	**(1,175)**
Total Expenditure	**94,641**	**72,811**	**(2,423)**	**403**	**165,432**	**8,132**	**173,564**
(Surplus) or deficit on the provision of services	**16,477**	**72,361**	**(942)**	**-**	**87,896**	**(18,594)**	**69,302**

29) ACQUIRED AND DISCONTINUED OPERATIONS

There were no acquired or discontinued operations during 2012/13

30) TRADING OPERATIONS

The Authority has established a number of trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Authority, other organisations or the general public. Additional information is now included from that previously published to allow analysis of performance before capital charges (i.e. depreciation, revaluation and impairment of assets). Details of those units are as follows:

2011/12			2012/13				
(Surplus) / Deficit Before Capital Charges	(Surplus) / Deficit After Capital Charges		Costs	Income	(Surplus) / Deficit Before Capital Charges	Capital Charges	(Surplus) / Deficit After Capital Charges
£000	£000		£000	£000	£000	£000	£000
(45)	(1)	Markets	513	(497)	**16**	47	**63**
(290)	(264)	Trade Waste	329	(323)	**6**	26	**32**
(975)	(504)	Car Parks	1,200	(2,088)	**(888)**	641	**(247)**
570	717	Civic Hall - shows and catering	1,297	(743)	**554**	140	**694**
(95)	(52)	Mobile Home Sites	24	(119)	**(95)**	42	**(53)**
(910)	(905)	Commercial properties	367	(990)	**(623)**	598	**(25)**
(126)	(72)	Industrial properties	87	(137)	**(50)**	(10)	**(60)**
(1,871)	**(1,081)**	**Total**	**3,817**	**(4,897)**	**(1,080)**	**1,484**	**404**

31) MEMBERS' ALLOWANCES

The Authority paid the following amounts to Members of the Council during the year:

2011/12 £000		2012/13 £000
162	Basic allowance	162
89	Special responsibility	89
14	Other allowances/ expenses	15
265	**Total**	**266**

32) OFFICERS' RENUMERATION

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

Post Title	Year	Notes	Salary (including Fees & Allowances)	Expense Allowances	Benefits in Kind e.g. Car Allowance	Employers Pension Contrib'	Total
			£	£	£	£	£
Managing Director	**2012/13**	**Note 1**	**93,237**	**-**	**944**	**15,840**	**110,021**
	2011/12		-	-	-	-	-
Environmental Services Director	**2012/13**	**Note 2**	**-**	**-**	**-**	**-**	**-**
	2011/12		88,433	183	1,367	14,567	104,550
Corporate Services Director	**2012/13**	**Note 2**	**537**	**-**	**70**	**168**	**775**
	2011/12		88,565	-	1,367	14,390	104,322
Director - Finance & Procurement	**2012/13**		**65,507**	**-**	**-**	**11,476**	**76,983**
	2011/12		62,784	-	1,166	10,500	74,450
Director - Regeneration & Public Protection	**2012/13**		**64,085**	**76**	**-**	**11,279**	**75,440**
	2011/12		62,047	156	1,145	10,390	73,738
Director - Business Improvement	**2012/13**		**64,207**	**-**	**-**	**11,279**	**75,486**
	2011/12		60,846	-	1,148	10,202	72,196
Director - Assets & Street Services	**2012/13**		**64,219**	**230**	**-**	**11,279**	**75,728**
	2011/12		60,652	211	1,227	10,168	72,258
Director - Housing	**2012/13**		**64,357**	**-**	**-**	**11,279**	**75,636**
	2011/12		59,385	-	1,181	9,937	70,503
Director - Governance & Recreation	**2012/13**	**Note 1**	**61,829**	**-**	**-**	**10,467**	**72,296**
	2011/12		58,135	-	1,158	9,472	68,765

Note 1 - Includes Election Related Role.
Note 2 - Post removed following Restructure
General Note Change in 2012/13 in Essential Car & Mileage payments

At the beginning of 2012, the Authority undertook a Corporate Management restructure - reducing from two Executive Directors to one Managing Director. This took effect from April 2013.
The Authority's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions were paid the following amounts):

2011/12 Total Number of Employees	Remuneration Band	2012/13 Employees leaving during year	2012/13 Number Employed as at 31 March	2012/13 Total Number of Employees
3	£50,000 - £54,999	-	1	1
2	£55,000 - £59,999	-	-	-
5	£60,000 - £64,999	2	5	7
-	£65,000 - £69,999	-	1	1
-	£70,000 - £74,999	-	-	-
-	£75,000 - £79,999	-	-	-
-	£80,000 - £84,999	-	-	-
2	£85,000 - £89,999	-	-	-
-	£90,000 - £94,999	-	1	1
12		**2**	**8**	**10**

33) 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:

2011/12 £000		2012/13 £000
108	Fees payable to the Audit Commission with regard to the external audit services carried out by the appointed auditor for the year	
-	Fees payable to Grant Thornton with regard to the external audit services carried out by the appointed auditor for the year	70
41	Fees payable to the Audit Commission for the certification of grants and returns for the year	16
-	Rebate from the Audit Commission	(6)
149	**Total**	**80**

34) GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13:

2011/12 £000		2012/13 £000
	Credited to Taxation and Non Specific Grant Income	
-	Eon	(1,889)
-	Kickstart	(25)
(575)	Warwickshire County Council	(701)
(329)	Nuneaton & Bedworth Leisure Trust	(28)
(376)	Developers & other minor contributions	(161)
(1,280)	**Total**	**(2,804)**
	Credited to Services	
(1,006)	Benefits Administration Grant	(952)
(959)	Supporting People	(868)
(1,965)	**Total**	**(1,820)**

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

31 March 12 £000		31 March 13 £000
	Capital Grants Receipts in Advance	
(1,980)	Developers Contributions	(2,528)
(25)	Other Contributions	(77)
(333)	Warwickshire County Council	(96)
(2,338)	**Total**	**(2,701)**

35) RELATED PARTIES

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control of influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government.

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Grants received from Government departments are set out in notes 11 and 34.

Warwickshire County Council and Warwickshire Police and Crime Commissioner.

These authorities issue precepts on the Council and these are shown in the Collection Fund Statement. Warwickshire County Council is the administering authority for the Pension Fund and details of the employer's contributions paid by this Council are shown in note 41.

Council Members and Officers.

Based on existing key data sources, no material related party transactions have been identified amongst either the members or chief officers. These sources are:

- The Register of Members' Interests (as maintained in accordance with the Local Authorities (Members' Interest) Regulations 1992 (Statutory Instrument 1992/618)), and;
- Disclosure of direct or indirect pecuniary interests made in accordance with section 94 of the Local Government Act 1972;

This has been supplemented by an approach to relevant members and senior officers seeking from them a declaration that neither they, nor close family nor anyone in the same household have been involved in any material transactions with the Council. This has not identified any material related party transactions.

In addition to their normal involvement on various Council Committees, most members also act as the Council's representative on a wide range of Outside and Voluntary Bodies – some such representation follows from their Committee membership(s). A list of representatives relevant to 2012/13 was approved at the Annual Meeting of the Council on 16th May 2012.

The Council provided financial assistance to certain voluntary and outside bodies during 2012/13 which included the following contributions:

2011/12 £		2012/13 £	Members
38,250	Advice Rights	38,250	3
41,400	Warwickshire Community & Voluntary Action	20,700	0
8,000	Warwickshire Race Equality Partnership	10,000	1
0	Local Ethnic Minor Advisory Council	4,000	0
0	Warwickshire Safeguarding Children's Board	2,052	0
0	Stockingford Community Centre	5,570	0
5,890	Bulkington Village Centre	5,890	1
9,000	Nuneaton & Bedworth Volunteer Bureau	9,000	0
5,330	Nuneaton & Bedworth Sports Forum	5,330	1
82,800	Nuneaton & Bedworth Citizens' Advice Bureau	82,800	0

All payments due were made in the year with no amounts held in creditors on the balance sheet for the bodies listed above. A value of £2,250 is held within debtors on the balance sheet having made a payment for 2013/14 in advance.

Nuneaton and Bedworth Leisure Trust.

Nuneaton and Bedworth Leisure Trust was created in 2003/04 to manage the Council's leisure facilities. It is a Not for Profit Distributing Organisation with two of the Council's members being members of the Trust's board. The Council pays a management fee to the Trust and for 2012/13 this amounted to £1,678,500 (2011/12 £1,767,000). All funds due were paid during the financial year with no amounts held in balance sheet creditors.

In 2010/11 a loan of £400,000 was provided to the Nuneaton and Bedworth Leisure Trust to assist in the financing of the new Pingles gym facility. This is to be repaid over a period of 10 years at a fixed amount of £50,000 per annum (inclusive of interest and principal amount). The principal amount outstanding at 31st March 2013 was £291,106 (2011/12: £324,068). The Leisure Trust also made a contribution of £329,373 towards the cost of the gym facility. The outstanding balance of £38,284 was paid in 2012/13 (31st March 2012: £38,284).

Healthy Living Network.

There were also transactions totalling £115,060 in 2012/13 (2011/12: £134,808) in the Council's accounts relating to Healthy Living Network. An outstanding balance of £783.04 is recognised in creditors as at 31st March 2013. There was no creditor or debtor balance for 2011/12.

Pride in Camp Hill Ltd.

Due to the nature of the tri-partite agreement referred to in note 36, Pride in Camp Hill Ltd is considered to be a related party of the Borough Council. In 2012/13 the Council contributed £71,920 towards the running costs of the company (2011/12: £71,920). When the company was formed, the Council gave a start up loan of £250,000 repayable on completion of the project. The Council has also guaranteed a one third part of up to £100,000 deficit at the end of the project. Nuneaton and Bedworth Borough Council are the accountable body for phase 3 of this regeneration project. The total expenditure for the year can be found in note 36 to the accounts.

36) CAMP HILL

Camp Hill is a large regeneration project in the north of the Borough, with the aim of creating over 1,200 new properties (25% affordable) and various other community initiatives. The Project is split into 3 main phases, with Phase 1 and 2 being managed by Pride in Camp Hill ltd. For Phase 3, NBBC is the accountable body and all transactions relating to this phase will be recognised in our accounts. Phase 3 is a tripartite agreement between NBBC, Advantage West Midlands (AWM) and Warwickshire County Council (WCC). AWM have contributed £4.9m to the scheme and Homes and Communities Agency (HCA - formerly English Partnerships) £3.1m. Nuneaton and Bedworth Borough Council's contribution is the land.
Following a tender exercise, Barratt were named as the preferred developer in 2007 and a Development Agreement was signed with them in October 2009. Acquisition and demolition of properties in Phase 3 began in 2006/07 and during 2012/13 £392k of capital expenditure was incurred by NBBC. This has been funded from the following:

	£
Capital Receipts	354,505
Housing and Communities Agency Grant	37,049
WCC Contribution	748
Total	**392,302**

Private properties that have been purchased are shown in the General Fund. HRA properties that are vacant and have been earmarked for demolition will remain within the HRA until they are formally appropriated to the General Fund. Following acquisition, the properties have been revalued to their current value and a revaluation charge of £202k is shown in the accounts. The freehold will be transferred to homeowners when purchased and a capital receipt will be received from Barratt on a per plot basis. The first sales were completed in July 2010 and 25 plots of land have been sold in total during 2012/13. These are shown as disposals in the accounts and are reflected in the table below:

The opening and closing balance for the assets as included in the balance sheet is set out below.

	£
Opening balance (NBV)	4,902,238
Acquisitions in year	392,302
Disposals of land in year	(577,500)
Revaluations	(202,302)
Depreciation	4,459
Closing balance	**4,519,197**

37) CAPITAL EXPENDITURE AND FINANCING

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

2011/12 £000		2012/13 £000
22,517	**Opening Capital Financing Requirement**	**94,622**
	Capital Investment	
9,009	Property, Plant and Equipment	10,140
343	Investment Properties	224
-	Heritage Assets	2
132	Intangible Assets	28
72,331	Revenue Expenditure Funded from Capital under Statute	680
1,000	Local Authority Mortgage Scheme Debtor	-
	Sources of Finance	
(2,903)	Capital receipts	(657)
(2,439)	Government grants and other contributions	(2,500)
(3,890)	Major Repairs Reserve	(5,739)
(795)	Sums set aside from revenue - direct revenue contributions	(1,893)
(683)	Sums set aside from revenue - Minimum Revenue Provision	(527)
	Other Movements	
0	Correction of finance lease liability	(61)
0	HRA Non Dwellings - impairments and revaluations	(15)
94,622	**Closing Capital Financing Requirement**	**94,304**
	Explanation of movements in year:	
	Increase in underlying need to borrow:	
72,788	Unsupported by government financial assistance	285
(683)	Sums set aside from revenue - Minimum Revenue Provision	(527)
-	Sums set aside from revenue - HRA Non Dwellings impairment	(15)
-	Assets adjusted under finance leases	(61)
72,105	**Increase/(decrease) in Capital Financing Requirement**	**(318)**

38) LEASES

- **Authority as Lessee**

Finance Leases

There are no finance leases outstanding at 31st March 2013.

Operating Leases

The Authority has entered into several operating leases for the supply of the mayor's car, small office equipment items and land. The amount paid in 2012/13 was £58k and the Council is committed to further payments as detailed in the table below:

31 March 12 £000 (restated)	Operating Leases	31 March 13 £000
45	Not later than one year	46
148	Later than one year not later than five years	148
2,610	Later than five years	2,573
2,803	**Total**	**2,767**

Prior year values have been restated as leases were identified during the year that had not previously been recognised as operating leases. The Authority also operates a salary sacrifice scheme for employees to lease vehicles for their personal use. As at 31st March 2013 there were 7 such leases in place and payment for these leases are covered through deductions from the employees salaries. Figures for these lease arrangements are not included in the table above as they are cancellable leases and liability for the costs have been transferred to the employee thereby resulting in a nil cost to the Authority. The Authority would only become liable for any costs (i.e. early cancellation charges) should the employee leave the Authority before the end of the lease arrangement.

- **Authority as Lessor**

Operating Leases

The Authority leases out property under operating leases ranging from properties let to charitable and community organisations, to town centre shops and industrial units. The gross value of assets where there are such leases was some £27.8m at 31st March 2013 with depreciation applied of £0.93m. The income from such operating lease rentals during 2012/13 was £1.78m (£1.99m in 2011/12).

The future income from minimum lease payments for non-cancellable operating leases are shown below:

31 March 12 £000	Operating Leases	31 March 13 £000
730	Not later than one year	989
2,510	Later than one year not later than five years	3,459
71,115	Later than five years	71,842
74,355	**Total**	**76,290**

Finance Leases

There is no future income due in relation to land leased under finance leases.

39) IMPAIRMENT LOSSES

During 2012/13, the Authority has recognised an impairment loss of £145k due to capital expenditure on assets not adding an equal amount of value. Of that value £86k was recognised in the cost of services within the Comprehensive Income and Expenditure Statement with the balance being charged direct to the Revaluation Reserve.

40) TERMINATION BENEFITS

The Authority terminated the contracts of twenty employees in 2012/13, incurring exit packages of £198,929 (2011/12: £298,354). Within this, £25,472 was paid to the Town Centres Manager, in the form of compensation for loss of office and pay in lieu of notice in 2012/13, (in 2011/12 £25,938 was paid to the Head of Communities, in the form of compensation for loss of office and pay in lieu of notice). The remaining 2012/13 liability was payable to eighteen officers from across the Council made redundant plus one officer who was compensated for a reduced role as part of the Authority's "planning for the future" and rationalisation of services.

Actuarial strain linked to the exit packages cost £227,658 (2011/12: £189,603). These costs cover both the General Fund and the HRA.

The Council's has not planned specifically for further redundancies but any applications for voluntary redundancy will be reviewed in the 2013/14 financial year.

Exit Packages:

	Number of Compulsory Redundancies		Number of Voluntary Redundancies		Total Number of Exit Packages		Total Cost of Exit Packages	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
Cost Band:								
band £0-£20k	11	**6**	18	**11**	29	**17**	£272,416	**£ 129,390**
band £20-£40k	-	**2**	1	**1**	1	**3**	£ 25,939	**£ 69,539**
Grand Total	11	**8**	19	**12**	30	**20**	£298,355	**£ 198,929**

41) DEFINED BENEFIT PENSION SCHEME

Participation in Pension Schemes

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

The Authority participates in the Local Government Pension Scheme, administered by Warwickshire County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/ retirement benefits is reversed out via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

Local Government Pension Scheme 2011/12 £000	Discretionary Benefit Arrangements 2011/12 £000		Local Government Pension Scheme 2012/13 £000	Discretionary Benefit Arrangements 2012/13 £000
		Comprehensive Income and Expenditure Statement:		
		Cost of Services:		
2,201	-	Current service costs	2,456	-
4	-	Past service costs/ (gain)	47	-
266	-	Settlements and curtailments	230	-
		Financing and Investment Income and Expenditure		
6,865	271	Interest costs	6,439	242
(6,380)	-	Expected return on scheme assets	(5,488)	-
2,956	**271**	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**3,684**	**242**
6,472	1,325	Actuarial gains and losses	6,918	(472)
9,428	**1,596**	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**10,602**	**(230)**
		Movement in Statement of Reserves:		
(2,956)	(271)	Reversal of net charges made to the Comprehensive Income and Expenditure Statement for post employment benefits in accordance with the code	(3,684)	(242)
		Actual amount charged against the General Fund Balance for pensions in the year:		
2,116		Employers' contributions payable to the scheme	2,344	
	406	Retirement benefits payable to pensioners		343

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities:

Local Government Pension Scheme 2011/12 £000	Discretionary Benefit Arrangements 2011/12 £000		Local Government Pension Scheme 2012/13 £000	Discretionary Benefit Arrangements 2012/13 £000
126,079	4,541	Balance at 1 April	134,354	5,731
2,201	-	Current service costs	2,456	-
6,865	271	Interest cost	6,439	242
782	-	Contributions by scheme participants	772	-
2,784	1,325	Actuarial (gains)/ losses	16,241	(472)
(4,627)	(406)	Benefits paid	(4,985)	(343)
4	-	Past service (gain)/ losses	47	-
266	-	Curtailments	230	-
134,354	**5,731**	**Balance at 31 March**	**155,554**	**5,158**

Reconciliation of fair value of the scheme assets:

Local Government Pension Scheme 2011/12 £000		Local Government Pension Scheme 2012/13 £000
99,748	Balance at 1 April	100,711
6,380	Expected rate of return	5,488
(3,688)	Actuarial gains/ (losses)	9,323
2,522	Employer contributions	2,687
782	Contributions by scheme participants	772
(5,033)	Benefits paid	(5,328)
-	Entity combinations	
-	Settlements	
100,711	**Balance at 31 March**	**113,653**

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

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

The actual return on scheme assets in the year was £14.812m (2011/12: £2.627m).

Scheme History

	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
Present value of liabilities:					
Local Government Pension Scheme	101,893	138,427	126,079	134,354	155,554
Discretionary Benefits	4,575	5,431	4,541	5,731	5,158
Fair value of assets in the Local Government Pension Scheme	(69,789)	(92,196)	(99,748)	(100,711)	(113,653)
Deficit in the scheme:					
Local Government Pension Scheme	32,104	46,231	26,331	33,643	41,901
Discretionary Benefits	4,575	5,431	4,541	5,731	5,158
Total Scheme Deficit	**36,679**	**51,662**	**30,872**	**39,374**	**47,059**

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £47.06m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangement for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total employer contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2014 is £2.166m. Expected employer contributions for the Discretionary Benefits scheme in the year to 31 March 2014 are expected to be in the region of £350k to £400k.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. For 2012/13 both the Local Government Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 1 April 2010, updated by the IAS19 statement as at 31st March 2013.

The principal assumptions used by the actuary have been:

Local Government Pension Scheme 2011/12	**Discretionary Benefit Arrangements 2011/12**		**Local Government Pension Scheme 2012/13**	**Discretionary Benefit Arrangements 2012/13**
		Long-term expected rate of return on assets in the scheme:		
6.3%	-	Equity Investments	4.5%	-
3.9%	-	Bonds	4.5%	-
4.4%	-	Property Managed Funds	4.5%	-
3.5%	-	Cash	4.5%	-
		Mortality assumptions:		
		Longevity at 65 for current pensioners:		
21.9 years	21.9 years	Men	21.9 years	21.9 years
23.6 years	23.6 years	Women	23.6 years	23.6 years
		Longevity at 65 for future pensioners:		
22.8 years	-	Men	22.8 years	-
25.9 years	-	Women	25.9 years	-
4.8%	-	Rate of increase in salaries	5.1%	-
2.5%	2.5%	Rate of increase in pensions	2.8%	2.8%
4.8%	4.8%	Rate for discounting scheme liabilities	4.5%	4.5%
50%	-	Take-up of option to convert annual pension into retirement lump sum	50%	-

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories by proportion of the total assets held:

2011/12			**2012/13**	
£000	**%**		**£000**	**%**
		Assets held at year end:		
71,505	71.0%	Equity Investments	82,966	73.0%
19,135	19.0%	Bonds	20,458	18.0%
10,071	10.0%	Property Managed Funds	10,229	9.0%
-	0.0%	Cash	-	0.0%
100,711			**113,653**	

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013:

	2008/09 %	2009/10 %	2010/11 %	2011/12 %	2012/13 %
Experience gains on losses on assets	(32.8%)	21.0%	3.7%	(3.7%)	8.2%
Experience gains on losses on liabilities	0.0%	0.0%	8.4%	(0.7%)	0.6%

42) CONTINGENT ASSETS AND LIABILITIES

Contingent Asset:

Capital Receipt on Disposal: In 2007/08 the Council removed a restrictive covenant from a plot of land with the deemed value repayable to the Council over a number of years. The remaining payment of £30k due in 2012/13 is still outstanding and the debtor has been placed into Voluntary Liquidation. The Council will be submitting a claim as a creditor and we also hold a registered charge over the land.

Contingent Liabilities:

Insurance claims: there were potential excess payments on outstanding liability claims at 31st March 2013 amounting to £69k. The actual eventual settlements will be met from relevant service budgets.

Revocation of Personal Search Fee: A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not yet been issued. The Council has been informed that the value of those claims at present is approximately £183,000 plus potential interest and costs. However, the Council will need to validate the all the claims to ensure they are reasonable and there is not sufficient information available for us to do this as yet. A provision has been included in the accounts based on the information available to us. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be as against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present. Therefore, both a provision and a contingent liability is appropriate until the Council has more certainty of its financial obligation.

Equal Pay Claims: Pay Restructuring was implemented in March 2012 and details of a provision that has been made in relation to potential Equal Pay Claims has been included in note 21 to the accounts. This provision is based on our current assessment of the Council's likely maximum liability, but there is still significant uncertainty around the financial obligation that may result from these claims. There is also a potential risk of future claims and incurring legal costs. Therefore, both a provision and a contingent liability is appropriate until the Council has more certainty of its financial obligation in relation to Equal Pay claims.

43) NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's activities expose it to a variety of financial risks. The key risks are:

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Council;

- **Liquidity risk** – the possibility that the Council might not have funds available to meet its commitments to make payments;

- **Re-financing risk** – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;

- **Market risk** – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements and foreign exchange rates.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;

- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;

- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The Council's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures to the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.

- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update. Quarterly performance reports are also submitted to the Audit Committee.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council in February 2012 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2012/13 was £108.20m This is the maximum limit of external borrowings or other long term liabilities.

- The Operational Boundary was originally set at £88.70m and was revised up to £94.00m as part of the mid year review to allow sufficient headroom for new borrowing should interest rates prove beneficial to the Authority. The Operational Boundary is the expected level of debt and other long term liabilities during the year.

- The maximum amounts invested at any one time in any institution or financial group was originally set at £6m for Money Market Funds and £4m for all other institutions. During the year the limit for part nationalised banks (i.e. Lloyds Group and RBS Group) was revised up to £6m.

- The maximum exposures to the maturity structure of debt were set and are detailed within this note.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices) 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 Council'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, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied. Details of the Investment Strategy can be found on the Council's website.

This Council uses the creditworthiness service provided by Sector. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies.
- Credit Default Swap price spreads against a benchmark to give early warning of likely changes in credit ratings.
- sovereign ratings to select counterparties from only the most creditworthy countries.

The Authority's maximum exposure to credit risk in relation to its investments and cash held in banks and building societies of £16.9m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each 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 31 March 2013 that this was likely to crystallise.

The following analysis summarises the Council's maximum exposure to credit risk on financial assets, based on experience of default, adjusted to reflect current market conditions.

	Amount at 31 March 13 £000 A	Historical experience of default % B	Historical experience adjusted for market conditions at 31 March 13 % C	Estimated maximum exposure to default and uncollectability at 31 March 13 £000 (A x C)	Estimated maximum exposure at 31 March 12 £000
Investments:					
A Rated	5,000	0.09%	0.00%	-	-
Cash & Cash Equivalents					
AAA Rated	1,000	0.00%	0.00%	-	-
A Rated	10,875	0.09%	0.00%	-	-
Customers	3,564	25.94%	15.66%	558	477
				558	**477**

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for its customers, such that £1.36m of the £3.56m balance is past its due date for repayment. The past due amount can be analysed by age as follows:

	31 March 13 £000	31 March 12 £000
Less than three months	387	148
Three to six months	158	157
Six months to one year	263	376
More than one year	549	292
	1,357	**973**

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing are due to be paid in less than one year.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council’s day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of external borrowing and the borrowing rates are as follows:

	31 March 13 Average Rate %	31 March 13 Amount £000	31 March 12 Average Rate %	31 March 12 Amount £000
PWLB	2.95%	86,205	2.95%	86,205
Other Lenders	4.02%	2,039	3.42%	2,400
	2.97%	**88,244**	**2.96%**	**88,605**
less than one year	0.55%	2,526	0.00%	361
Maturing in 1 - 2 years	0.00%	13	0.55%	2,526
Maturing in 2 - 5 years	1.31%	5,000	1.10%	2,513
Maturing in 5 - 10 years	2.88%	16,500	2.63%	10,500
Maturing in 10 - 15 years	3.06%	52,250	2.91%	48,000
Maturing in over 15 years	3.94%	11,955	3.68%	24,705
	2.97%	**88,244**	**2.96%**	**88,605**

The maturity analysis of the external borrowing and the approved maximum levels as approved in the Treasury Management Strategy are shown below:

	31 Mar 13 Maximum Exposure Allowable	31 Mar 13 Maximum Exposure at year end	31 Mar 12 Maximum Exposure Allowable	31 Mar 12 Maximum Exposure at year end
less than one year	20%	3%	50%	0%
Maturing in 1 - 2 years	20%	0%	30%	3%
Maturing in 2 - 5 years	30%	6%	50%	3%
Maturing in 5 - 10 years	50%	18%	80%	12%
Maturing in more than 10 years	100%	73%	100%	82%

Market Risk

Interest rate risk – the Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charges to the Comprehensive Income and Expenditure Statement will rise;

- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on the revenue balances)

- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and

- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances)

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants (ie HRA).

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(115)
Net Impact on Surplus or Deficit on the Provision of Services	**(115)**
Decrease in fair value of fixed rate borrowings (no impact on the Provision of Services or Other Comprehensive Income and Expenditure)	(8,303)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk – The Council, excluding the pension fund, does not invest in equity shares or marketable bonds.

Foreign exchange risk in relation to Icelandic Deposits – The Council has foreign exchange exposure resulting from an element of the settlement received from Landsbanki. This is being held in Icelandic Kroner in an escrow account due to the current imposition of currency controls. The council is also exposed to exchange rate risk should repayments be made in foreign currencies. Any gains or losses through foreign exchange rates are reflected through the revisions to the impairment charges at each financial year end.

44) ICELANDIC BANK DEFAULTS

In October 2008 the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The Authority had £3m deposited with Landsbanki.

All monies are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Authority will be determined by the administrators/ receivers.

The current situation with regards to recovery of the sums deposited varies between each institution and is covered by guidance issued by CIPFA (LAAP Bulletin 82 update 7) on 17th May 2013, further amended on 28th May 2013. Based on the latest information available the Authority considered that it is appropriate to consider an impairment adjustment for the deposits and has taken the action outlined below.

The Authority continues to adopt a prudent approach and as the available information from administrators is not definitive as to the amounts and timings of future payments, and are based on estimates, further adjustments will be made in 2013/14 if required, once more detail has been made available on the final recovery amounts.

Landsbanki

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. Following the Icelandic Supreme Court decision to grant UK Local Authorities priority status, the Winding Up Board made a distribution to creditors in a basket of currencies in February 2012. Further distributions were made in May and October 2012.

An element of the distribution is in Icelandic Kroner which has been placed in an escrow account in Iceland and is earning interest at 4.17% as at 31st March 2013. This element of the distribution has been retained in Iceland due to currency controls operating in Iceland and as a result is subject to exchange rate risk, over which the Council has no control. The Authority has recognised a small gain in 2012/13 due to currency fluctuations.

The current position on estimated future payouts is as shown in the table below and this Council has used these estimates to calculate the impairment based on recovering 100p in the £.

Date	**Repayment**
Received to 31st March 2013	49.65%
December 2013	7.50%
December 2014	7.50%
December 2015	7.50%
December 2016	7.50%
December 2017	7.50%
December 2018	7.50%
December 2019	5.35%

Recovery is subject to the following uncertainties and risks:

- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the Council's claim, which may be denominated wholly or partly in currencies other than sterling.

  Recoveries are expressed as a percentage of the Authority's claim in the administration, which it is expected may validly include interest accrued up to maturity date

Housing Revenue 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 that the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; 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.

Income and Expenditure Statement

2011/12 £000		2012/13 £000	£000
	Expenditure:		
6,050	Repairs and maintenance	5,766	
6,059	Supervision and management	6,047	
	Rents, rates, taxes and other charges	-	
5,054	Negative HRA subsidy payable	-	
2,915	Depreciation and impairment of non-current assets	5,461	
73	Debt management costs	47	
176	Movement in the allowance for bad debts	212	
20,327	**Total Expenditure**		**17,533**
	Income:		
(19,563)	Dwelling rents	(21,134)	
(543)	Non-dwelling rents	(554)	
(2,345)	Charges for services and facilities	(2,304)	
(22,451)	**Total Income**		**(23,992)**
(2,124)	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**		**(6,459)**
	HRA Exceptional Items		
71,455	- HRA Reform payment		-
150	HRA services' share of Corporate and Democratic Core		150
107	HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services		91
69,588	**Net Cost/ (Income) for HRA Services**		**(6,218)**
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(442)	(Gain) or loss on sale of HRA non-current assets		(153)
339	Interest payable and similar charges		2,181
(25)	Interest and investment income		(39)
242	Pensions interest cost and expected return on pensions assets		382
-	Capital grants and contributions receivable		(1,889)
69,702	**(Surplus)/ deficit for the year on HRA services**		**(5,736)**

Movement on the HRA Statement

2011/12 £000		2012/13 £000	2012/13 £000
(4,436)	Balance on the HRA at the end of the previous year		(4,763)
69,702	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(5,736)	
(70,550)	Adjustments between accounting basis and funding basis under statute	3,599	
(848)	**Net (increase) or decrease before transfers to or from reserves**	**(2,137)**	
521	Transfers to/ (from) reserves	3,070	
(327)	(Increase) or decrease on the HRA		933
(4,763)	**Balance on the HRA at the end of the current year**		**(3,830)**

An analysis of the adjustments of £3.599m is detailed in the table below:

2011/12 £000		2012/13 £000
117	Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	125
24	Difference between any other item of income and expenditure determined in accordance with the code and determined in accordance with HRA requirements	(530)
442	Gain or loss on sale of HRA non-current assets	148
(304)	HRA share of contributions to or from the Pensions Reserve	(449)
-	Capital expenditure funded by the HRA	1,658
3,890	Transfer to/ (from) the Major Repairs Reserve	5,398
(74,719)	Transfer to/ (from) the Capital Adjustment Account	(2,751)
(70,550)	**Total adjustments between accounting basis and funding basis under statute**	**3,599**

Notes to the Housing Revenue Account

1) HOUSING STOCK

The Council was responsible for the management of approximately 6,000 dwellings during 2012/13. The changes in stock levels during the year were:

	Houses and Bungalows	Flats and Maisonettes	Total
Housing stock as at 01 April 12	3,536	2,377	**5,913**
Demolitions	-	-	**-**
Reclassification	-	-	**-**
Buy back		1	**1**
Sales	10	5	**15**
Conversions	-	-	**-**
Housing stock as at 31 March 13	**3,526**	**2,373**	**5,899**

2) HRA FIXED ASSETS MOVEMENTS

	------Non-current assets-----			
	Council Dwellings £000	Other Land and Buildings £000	Assets Under Construction £000	Total £000
Cost or Valuation				
As at 01 April 12	131,283	5,187	-	**136,470**
Additions	8,853	174	11	**9,038**
Revaluations	(48)	(15)	-	**(63)**
Derecognition - disposals	(369)	(250)	-	**(619)**
Assets category reclassification	-	-	-	**-**
As at 31 March 13	**139,719**	**5,096**	**11**	**144,826**
Accumulated Depreciation & Impairment				
As at 01 April 12	(5,558)	(168)		**(5,726)**
Depreciation charge	(5,239)	(159)	-	**(5,398)**
Revaluations	-	-	-	**-**
Other impairment losses	-	-	-	**-**
Derecognition - disposals	11	6	-	**17**
Assets category reclassification	-	-	-	**-**
As at 31 March 13	**(10,786)**	**(321)**	**-**	**(11,107)**
Net Book Value				
at 31 March 12	125,725	5,019	-	130,744
at 31 March 13	**128,933**	**4,775**	**11**	**133,719**
Nature of holdings at year end				
Owned	**128,933**	**4,775**	**11**	**133,719**

The vacant possession value of Council Dwellings at 1st April 2012 was estimated to be £369,799,000 (1st April 2011: £383,044,000).

The difference between this and the Balance Sheet Value of £131,283,000 represents the economic cost to the Council of providing council housing at less than open market rents.

3) CAPITAL EXPENDITURE

The Housing Revenue Account capital expenditure and its financing was:

2011/12 £000		2012/13 £000
	Capital Expenditure:	
4,018	Dwellings	8,853
-	Land & Buildings	174
-	Assets Under Construction	11
71,455	HRA Reform - Self financing payment to CLG	-
-	Other	-
75,473	**Total Capital Expenditure**	**9,038**
	Funded by:	
-	Borrowing attracting Government support	-
71,455	Borrowing not attracting Government support	-
96	Usable capital receipts	-
-	Revenue contributions	1,658
32	External grants and contributions	1,641
3,890	Major Repairs Reserve	5,739
75,473	**Total Funding**	**9,038**

4) MAJOR REPAIRS RESERVE

Contributions to and the use of the Major Repairs Reserve are detailed below:

2011/12 £000		2012/13 £000
-	Balance at 1 April	-
(3,890)	Transfer of Major Repairs Allowance from the HRA	-
-	Transfer from the HRA equal to depreciation	(5,398)
-	Additional voluntary contribution transferred from the HRA	(341)
3,890	Amounts applied to finance capital expenditure	5,739
-	**Balance at 31 March**	**-**

5) GROSS RENT OF DWELLINGS

This is the total rent income for the year after making allowances for vacant properties. During the year vacancies amounted to 0.84% of the total rent income (2011/12: 1.05%). Rents for the year averaged £75.01 a week (48 week basis) compared to £69.40 in 2011/12.

6) RENT ARREARS AT 31 MARCH

2011/12 £000		2012/13 £000
1,302	Gross arrears	1,710
951	Bad debt provision	1,134
6.7%	Gross arrears as percentage of gross rent income	8.1%

7) CAPITAL RECEIPTS

2011/12 £000		2012/13 £000
(846)	Sale of dwellings under right to buy	(599)
632	Amounts pooled to Central Government	377
-	Other capital receipts	(153)
(214)	**Net capital receipts**	**(375)**

8) PENSIONS RESERVE CONTRIBUTION

2011/12 £000		2012/13 £000
(62)	Difference between current service cost of pensions and past service cost in accordance with IAS 19 and actual employers' contributions	(67)
(2,282)	Interest on share of pensions liability	(2,137)
2,040	Expected return on share of assets	1,755
(304)	**Total**	**(449)**

9) HOUSING SUBSIDY

2011/12 £000		2012/13 £000
(9,969)	Management and maintenance allowance	-
(3,890)	Major repairs allowance	-
(845)	Charges for capital	-
19,767	Guideline rental income	-
-	Interest on receipts	-
5,063	**Net Housing Subsidy payable to Government**	**-**
(9)	Previous year adjustment	-
5,054	**Net amount payable to Government**	**-**

The HRA became self financing on 1st April 2012 following the HRA reforms. This resulted in the HRA undertaking an additional £71.4m of debt to finance the required settlement with government, and is therefore no longer required to make ongoing payments into the national subsidy system. The additional interest costs associated with the borrowing can be seen on the face of the HRA Income and Expenditure Statement.

Collection Fund

Income and Expenditure Statement

2011/12 £000		2012/13 £000
	INCOME	
(50,243)	Income from council tax	(50,880)
	Transfers from General Fund	
(10,433)	- Council Tax benefits	(10,299)
(31,698)	Income collectable from business ratepayers	(32,806)
(92,374)	**Total Income**	**(93,985)**
	EXPENDITURE	
	Precepts	
8,029	- Nuneaton and Bedworth Borough Council	8,068
6,852	- Warwickshire Police and Crime Commissioner	7,157
45,467	- Warwickshire County Council	45,692
	Business rate	
31,561	-Payment to national pool	32,605
137	-Costs of collection	201
126	Provisions for Bad and doubtful debts/appeals	168
	Distribution of previous year's estimated council tax surplus	
103	- Nuneaton and Bedworth Borough Council	12
88	- Warwickshire Police and Crime Commissioner	11
584	- Warwickshire County Council	71
92,947	**Total Expenditure**	**93,985**
573	**(Surplus)/ Deficit for the year**	-
(537)	Fund Balance Brought Forward	36
36	**Fund balance at 31st March: (Surplus)/ Deficit**	**36**
	Analysis of Fund Balance (Surplus)/ Deficit	
5	- Nuneaton and Bedworth Borough Council	5
5	- Warwickshire Police and Crime Commissioner	4
26	- Warwickshire County Council	27
36		**36**

Notes to the Collection Fund

1) NATIONAL NON-DOMESTIC RATES

The total non-domestic rateable value at 31 March 2013 was £84,925,993 (£85,568,523 as at 31 March 2012) and the national non-domestic rate multiplier for the year was 45.8p (2011/12: 43.3p). The small business rate relief can be applied in qualifying circumstances and provided a reduced multiplier of 45p for 2012/13 (2011/12: 42.6p).

2) CALCULATION OF COUNCIL TAX BASE

The Council Tax Base calculation starts with the number of chargeable dwellings in each of the valuation bands. Adjustments are made to take account of any exempt dwellings, disabled reductions, discounts and anticipated new dwellings. Additionally each of the valuation band is converted to an equivalent number of Band D dwellings. Finally allowances are made for estimated collection rates and contributions in lieu of Council Tax (e.g. from the Ministry of Defence).

	Number of chargeable properties		Adjusted property base (Band D Equivalent)	
	2012/13	**2011/12**	**2012/13**	**2011/12**
Valuation Band (Multiplier)				
A - Disabled Relief Reduction (5/9)	**44**	47	**24**	26
A - (6/9)	**17,155**	17,077	**11,437**	11,384
B - (7/9)	**11,248**	11,203	**8,748**	8,713
C - (8/9)	**11,189**	11,042	**9,946**	9,815
D - (9/9)	**6,283**	6,296	**6,283**	6,296
E - (11/9)	**2,103**	2,123	**2,571**	2,595
F - (13/9)	**540**	529	**780**	764
G - (15/9)	**126**	124	**210**	207
H - (18/9)	**5**	5	**10**	10
Totals	**48,693**	48,446	**40,009**	39,810
Assumed Collection Rate			**98.75%**	98.75%
Plus adjustment for Armed Forces Dwellings			**43**	45
Total Taxbase			**39,552**	39,357

In order to collect the total precept requirements of £60.9m (2011/12: £60.3m) a Band D Council Tax of £1,540.20 was determined (2011/12: £1,533.34).

3) OTHER DEMANDS ON THE COLLECTION FUND

The other authorities which made a significant precept or demand on the fund are detailed below:

	Precept 2012/13	Share of previous years estimated surplus/ (deficit) 2012/13	Total movement on the Collection Fund 2012/13	Precept 2011/12	Share of previous years estimated surplus/ (deficit) 2011/12	Total movement on the Collection Fund 2011/12
	£	£	£	£	£	£
Nuneaton and Bedworth Borough Council	8,068,212	12,469	**8,080,681**	8,028,434	103,180	8,131,614
Warwickshire Police and Crime Commissioner	7,157,312	10,642	**7,167,954**	6,851,911	88,062	6,939,973
Warwickshire County Council	45,692,281	70,616	**45,762,897**	45,467,008	584,339	46,051,347
Total	**60,917,805**	**93,727**	**61,011,532**	**60,347,353**	**775,581**	**61,122,934**

Annual Governance Statement

Nuneaton and Bedworth Borough Council

ANNUAL GOVERNANCE STATEMENT
For the period 1 April 2012 to 31 March 2013

Scope of responsibility

Nuneaton and Bedworth Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this responsibility, Councillors and Senior Officers are responsible for putting in place proper arrangements for the governance of Nuneaton and Bedworth Borough Council's affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

To this end, Nuneaton and Bedworth Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Good Governance in Local Government*. A copy of the code is on our website at www.nuneatonandbedworth.gov.uk or can be obtained from

Nuneaton and Bedworth Borough Council
Governance and Recreation
2nd Floor Town Hall
Coton Road
Nuneaton
CV11 5AA

This statement explains how Nuneaton and Bedworth Borough Council has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit Regulations 2003 in relation to the publication of an Annual Governance Statement.

The purpose of the governance framework

The governance framework comprises the systems and processes for the direction and control of the Authority and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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

The governance framework has been in place at Nuneaton and Bedworth Borough Council for the year ended 31st March 2013 and up to the date of approval of the Annual Report and Statement of Accounts.

The governance environment

Nuneaton and Bedworth Borough Council's governance arrangements comprise the following elements:

Corporate Governance

- The Council has adopted a formal Internal Control Assurance Framework, based on the CIPFA recommendation, adapted to fit the structure of NBBC. The framework comprises of a number of mechanisms, including reporting timetables and action plans, allowing Members and external stakeholders to place reliance on the internal control system. This was last reviewed and approved in March 2009 by the Audit Committee and will be updated during 2013.
- A revised Local Code of Corporate Governance was approved by the Audit Committee in March 2009. The Code follows the six core principles that should underpin the governance arrangements of all bodies as set out in the CIPFA/SOLACE guidelines. The Code will be reviewed and updated during 2013.
- The Standards Committee receives annual reports on complaints that have been considered by the ombudsman and the Committee now has a work plan with a timetable of reviews of policies during the year. The role and function of the Standards Committee was reviewed by the Council in July 2012, following the implementation of the changes brought into effect by the Localism Act 2011. The Committee is now a statutory committee under Section 101 of the Local Government Act 1972
- The Council's Monitoring Officer is responsible for ensuring compliance with established policies, procedures, laws and regulations.
- An Audit Committee was set up during 2007/8, and has continued to meet on a regular basis during 2012/13. Audit Committees are a key source of assurance and an essential part of good corporate governance. The purpose of the Audit Committee is to give independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
- The Elected Members Induction Programme covers Procurement, Financial Procedures, Fraud and Corruption, and Risk Management. Induction workshops are completed annually and took place in June 2012.
- Data Quality training took place for all middle managers during June 2010. A lean review of performance management (including data quality) took place during 2012/13 and included all senior managers.
- The Council has a Corporate Governance Group, which meets on a monthly basis. The purpose of this Group is to monitor current and planned expenditure and income and highlight emerging issues that will impact upon forward financial planning; to share information about planned or proposed changes that could impact upon the Council's finances; and develop and co-ordinate excellent governance arrangements across the Council. A HRA Governance Group has also been established and the first meeting took place in May 2013.

- A revised Senior Management structure was introduced with effect from 5th April 2012. The Management Team now consists of a Managing Director and 6 Directors.

Performance Management

- A clear statement of the Council's vision and priorities is set out in the Corporate Plan for 2007-21, which was adopted in April 2007 following extensive consultation exercises. A review and refresh of the Community and Corporate Plans will begin during 2013. A Corporate Plan Delivery Plan (CPDP) is also in place covering 2010-14 and sets interim targets to help ensure that the overall aims of the Corporate Plan are achieved by 2021. Achievement of the targets within the CPDP is managed through Service Delivery Plans which are prepared annually and approved by Cabinet, and Business Plans which are prepared annually and approved by the Managing Director. There are also other internal plans which link to the Corporate Plan, such as the Local Development Framework, Three-Year Financial Plan and the Asset Management Plan
- The Council has a Performance Management Framework, which was updated and approved by Cabinet in April 2012. The policy was reviewed in April 2013 and minor changes made by the Director – Finance and Procurement. This framework details the Council's structured approach to performance management based on clear accountability and using evidence from reliable results to support decision making, planning, funding and improvement.
- The revised Performance Management Framework is now combined with the Data Quality Policy, which was previously a separate document. This helps to ensure that accurate and timely data is produced, which can be independently verified and is reported fairly.
- The TEN performance management system is embedded throughout the Authority and is available on the intranet system. Performance is reviewed and scrutinised by the Management Team and progress against performance indicator targets are reported to Cabinet regularly. Performance is also reported quarterly to Scrutiny Panels (SP's). Customer Satisfaction surveys are also carried out annually in order to assess how our services are viewed by the residents of the Borough. The Council's Big Survey was conducted in the autumn of 2012 and results reported to Cabinet in January 2013..

Ethics

- The Council has adopted a clear and open constitution that sets out the basic rules governing its business, including its committee structure, codes of conduct and scheme of delegation. This sets out where responsibility lies for developing and delivering policy and decision-making. The constitution provides for delegation to officers but within a policy framework set by Council.
- A Code of Conduct is in place for both Councillors and Officers and these are supported by a number of specific policies and protocols. The Officers Code of Conduct was updated and approved by the Standards Committee in March 2011. The Standards Committee promotes high standards of conduct and reviews policies and legislation relating to conduct.

- The Councillor's gifts and hospitality register is now a public document available on the Council's website The Officers Gifts and Hospitality Policy was updated and approved by the Standards Committee in March 2013 and the register is also a public document available on the Council's website
- The Council is committed to the highest possible standards of openness, probity and accountability. In line with this commitment there is a Confidential Reporting Code which encourages employees and Members who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.
- The Anti-Fraud Strategy was updated to take account of the requirements of the Bribery Act 2010. The revised Strategy was approved by Members in November 2012. It demonstrates the Council's commitment to the prevention and detection of all types of fraud and corruption and extends to members, employees and partners. It also puts the onus on managers to create an environment in which employees, contractors and partners feel able to approach them with concerns. The Strategy is supported by a Fraud Response Plan which provides guidance on how to conduct an investigation in the event of a suspected fraud or corrupt action.
- For ease of reference, all governance related policies now form part of the Council's Constitution and they are also available on the Intranet
- An ethical governance survey was circulated to Members and Officers in October 2009 to assess the awareness of the Council's arrangements to promote and ensure probity and propriety in the conduct of its business. The results were reported to the Standards Committee in March 2010 and have been used to identify strengths and areas for further development, improvement, training and support.
- The survey was followed up with a light touch health check of the ethical governance arrangements in place to establish how well the Council is meeting the ethical agenda, to identify and agree how improvements can be made and ensure that high standards of ethical governance are sustained.
- The Council is committed to ensuring openness and transparency, especially in decision-making. On 17 April 2013, the Council approved revised arrangements for the Access to Information Procedure Rules in its Constitution taking account of the changes made by the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Financial Management

- The Constitution also includes Financial and Contract Procedure Rules which are set and monitored by the Chief Financial Officer to ensure expenditure is lawful and within internal policies and procedures. These were reviewed in April 2013 and approved by the Audit Committee in June 2013.
- The Council's Anti Money Laundering Framework was updated and approved by the Audit Committee in March 2012. This aims to maintain the high standards of conduct, which currently exist within the Council by preventing criminal activity through money laundering.
- A Procurement Strategy is in place covering 2012-16. A Procurement Toolkit is available on the Intranet, which acts as a guide for all staff when sourcing goods and services. It highlights the rules and procedures that must be followed and provides an in-depth summary of the legislation that impinges on the procurement process. A Corporate E-Procurement System (E-Buy) has also been launched to improve control and coordination over spending.

- All reports are reviewed for financial, risk and legal considerations prior to being presented to Cabinet.
- An updated Housing Revenue Account Business Plan was approved in February 2013, covering revenue and capital forecasts and debt repayment over the next 30 years.
- A mandatory Finance Training Programme for non-finance staff was launched in 2012/13 covering 6 modules, including changes to Local Government Finance and budget monitoring.
- The Director for Finance and Procurement is designated as the responsible officer under Section 151 of the Local Government Act 1972. The system of financial control includes:
    - A robust budget setting process, with budgets linked to the Three-Year Financial Plan
    - Monthly financial reports to budget holders showing spend against budget
    - Budgets monitored monthly by Management Team and quarterly by Cabinet and SP's, using integrated finance and performance reports.
    - Capital Programme reported regularly to MT and Cabinet
    - Reserves are kept under review in line with formal risk assessments and are considered formally by Cabinet annually.
    - A Treasury Management policy is also approved by Cabinet and Council regularly.

Risk Management

- The Council is committed to risk management and has in place a structure for recognising and addressing risks across all of its services. There is a Risk Management Framework which sets out how the Council manages risks and maximizes opportunities in achieving its aims and priorities.
- The Risk Management Strategy and Policy was updated in November 2011 to reflect the Council's commitment to maintain robust risk management arrangements and introduce processes that will ensure that risks are sufficiently managed to achieve an acceptable level of exposure.
- Risks are monitored at both a strategic and operational level using risk registers. These registers are monitored within service units and formally by the Management Team. The Strategic Risk Register is continually updated to reflect changes that take place and to ensure that it links directly to the Corporate Plan and it is reported to Scrutiny Panel's on a quarterly basis. Operational risk registers are owned and monitored by service units.
- A review of the Council's risk management arrangements is in progress and will be completed during 2013. The Council's Policy, Strategy and Framework documents will be updated to reflect any changes in procedures after completion of this review.

Partnerships

- The Council took part in the Warwickshire Partnership Peer Review in March 2010. This assessed Warwickshire's effectiveness at working in partnership to deliver improved services for its residents. Further reviews have been undertaken by Internal Audit to ensure compliance with the Council's Partnership Framework, which provides guidance to support the delivery of effective partnership working and ensure that partnerships are consistently managed with appropriate governance arrangements.

- The Partnership Framework referred to above was approved in October 2009, and this guidance has been developed to support the planning and delivery of effective partnership working and to ensure that any partnerships we are involved in are managed with appropriate governance arrangements. It contains advice on what should be taken into consideration when entering into a new partnership or reviewing an existing one as fit for purpose.
- Using the criteria within the Partnership Framework, a full list of partnerships has been identified and they have all been scored to establish the significance to the Council. The corporate governance arrangements for those partnerships considered to be of major significance have been reviewed.
- External measures are also used to assess the effectiveness of partnerships. For example, the Crime and Reduction Partnership (CDRP) uses the Home Office Hallmark to review its effectiveness.
- Regular reports are taken to the relevant scrutiny panel on the work of the key partnerships.

Improvement

- The Council is committed to Lean Systems methodology as a means of improving service delivery and overall value for money. Several reviews have taken place in 2012/13, including Purchase to Pay, Human Resources, Housing Options, Building Control and Stocks and Stores. The programme of reviews for 2013/14 includes Sickness, Civic Hall, Document Handling, Environmental Health and Parks.
- The Council is committed to ongoing training for both officers and members. Training needs are identified through the personal development review scheme and addressed by line managers with support from the corporate training team.
- Senior Management Conferences take place quarterly covering strategic issues such as innovation and improvement and financial planning. A programme of Senior Management Training is being developed and will be a follow-up to the Task Orientated Negotiation training that all senior managers attended during 2011/12.

Internal Audit

- The Council maintains an Internal Audit section, which operates to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'.
- The Internal Audit Terms of Reference are approved by the Audit Committee and were last revised and approved in September 2008. Annual Internal Audit and Computer Audit plans are considered by the Management Team and approved by the Audit Committee.
- Interim and Annual reports are submitted to the Audit Committee by the Audit and Governance Manager, which provide a summary of the work completed and the main issues arising, details of recommendations not implemented as agreed and an overall opinion on the effectiveness of the Authority's control environment.
- A review of the effectiveness of the internal audit function is completed annually in accordance with the Accounts and Audit (Amendment) (England) Regulations 2006. A peer review is currently underway to ensure compliance with internal audit standards and the audit manual will be updated on completion of this review to ensure that it reflects best practice. The findings of the review will be reported to the Audit Committee in June 2013.

Review of effectiveness

Nuneaton and Bedworth Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Audit and Governance Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- Directors within the Authority who have responsibility for the development and maintenance of the internal control environment
- comments made by the external auditors and other review agencies and inspectorates.

Assurance statements have been received from the Managing Director and Directors setting out their confirmation that the control systems in place are adequate and that they are being complied with.
The review for the 2012-13 statement was carried out by the Management Team on 14th May 2013.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

Corporate Governance

- The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect.
- The Council reviews the Local Code of Corporate Governance on a regular basis and adopts an action plan to deal with any issues. The Audit Committee approved a revised Local Code in March 2009.
- The Anti-Fraud and Bribery Strategy and Fraud Response Plan demonstrate the Council's commitment to the prevention and detection of all types of fraud, corruption and bribery and extends to members, employees and partners. It also puts the onus on managers to create an environment in which employees, contractors and partners feel able to approach them with concerns.
- The Scrutiny Panels (SP's) can 'call in' a decision which has been made by the Cabinet or Cabinet portfolio holder, or other authorised decision taker, where it has not yet been implemented to enable them to consider whether the decision is appropriate. They allow people to have a greater say in Council matters by holding public inquiries into matters of local concern.
- A Partnership Framework has been developed and a list of all partnerships has been identified using the criteria within the Framework. A review of the corporate governance arrangements within the key partnerships has been completed to ensure compliance with the Framework
- Scrutiny Panels receive regular reports on the work of the key partnerships
- The Council has in place a Proceeds of Crime (Anti Money Laundering) Framework, which aims to maintain high standards of conduct and prevent criminal activity

through money laundering. The Framework was updated and approved by the Audit Committee in March 2012 and training workshops for employees were carried out in July 2012 to raise awareness of the revised procedures.

- On the 17th April 2013 the Council approved a revised policy for inclusion in the Constitution on Gifts & Hospitality which incorporates the changes brought about by the Bribery Act 2010.

Audit Committee

The Council's Audit Committee has the following core functions:

- Consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements
- Seek assurances that action is being taken on risk related issues identified by auditors and inspectors
- Be satisfied that the Council's assurance statements, including this AGS, properly reflect the risk environment and any actions required to improve it
- Approve (but not direct) internal audit's strategy and plan and monitor performance
- Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary
- Receive the annual report of the Audit and Governance Manager
- Consider the reports of external audit and inspection agencies
- Ensure that there are effective relationships between internal and external audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively monitored
- Review the financial statements, external audit's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

The Terms of Reference of the Audit Committee were last updated in June 2010 and there are plans to carry out a further review during 2013.

Internal Audit

- Internal Audit is responsible for monitoring the quality and effectiveness of the control environment comprising risk management, control and governance.
- A risk model is used to formulate the internal and computer audit plans which are agreed by the Management Team and approved by the Audit Committee.
- Where necessary, internal audit will identify areas for improvement and make recommendations and agree an action plan for Service Managers. A summary of the issues arising is presented to the Audit Committee twice a year. The last reports were considered by the Committee in June and November 2012.
- The Internal Audit section is subject to regular inspection and report by the Council's external auditors who aim to place reliance on the work carried out by the section.
- A review of the effectiveness of Internal Audit is completed annually; a peer review is currently underway and the findings will be reported to the Audit Committee in June 2013

Risk Management

- The Risk Management Strategy is reviewed each year by the Audit Committee and it was last updated and approved in November 2011
- Considering the effectiveness of the Council's risk management arrangements is a core function of the Audit Committee
- A review of risk management procedures is in progress and will be completed during 2013; the Risk Management Strategy will be updated following this review to reflect any changes in working practices.

Performance Management

- The Management Team meets on a weekly basis and reviews progress on performance measures, risk management, reviews and inspections at the end of each month. These are done by exception to focus attention on key issues that may require action. MT and Cabinet also receive a monthly Strategic Performance Report showing key financial and non financial performance data, using a 'traffic light' system.
- The TEN Performance Management System is used to report performance to officers and members and highlight under-performing services. Corrective action plans are then put in place to address issues. Performance management is reported to Scrutiny Panel's on a quarterly basis during the year, via integrated finance and performance reports.
- Greater use of benchmarking is used in Performance Reports rather than relying solely on traditional targets.
- The Treasury Management Strategy is reviewed each year, as a result of the economic conditions and investments in Icelandic banks. We have continued to keep our Counterparty list under review, in liaison with our external advisors. The Audit Committee has received reports on our Treasury activity quarterly during the year and twice yearly to Cabinet and Council.

Significant governance issues

The review of the governance framework during 2012-13 has identified the following issues:

Action	**Responsible Officer**	**Completion Date**
Review of current Risk Management arrangements	Audit and Governance Manager	December 2013
Refresher training for Members and key contractors and suppliers on the Council's corporate governance arrangements	Audit and Governance Manager Strategic Creditors and Procurement Manager	March 2014

Action	Responsible Officer	Completion Date
Review of the Council's Local Code of Corporate Governance	Audit and Governance Manager	December 2013
Refresh of the Council's Community and Corporate Plans	Directors – Housing and Governance and Recreation	December 2013
Update audit procedures and practices in light of the findings of the external review of Internal Audit to ensure compliance with the new Public Sector Audit Standards.	Audit and Governance Manager	September 2013
Review business continuity arrangements with reference to the British Standard	Communication and Events Manager	March 2014

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review

Signed (Leader):

Date:

Signed (Managing Director):

Date:

Leader & Managing Director on behalf of Nuneaton and Bedworth Borough Council

Glossary of Terms

Actuarial gain (loss)

The changes in the pension fund's deficits or surpluses that arise because of :

a) Events have not coincided with the assumption used by the actuary when carrying out the previous triennial valuation of the fund; or

b) The actuary changing the assumptions used in the current triennial valuation exercise from those used previously.

Agency

Where one Authority (the main Authority) pays another Authority (the agent) to do work for them.

Approved Budget

The budget which has been approved by full Council, adjusted to reflect in year virements (i.e. transfers between budgets).

Authorised limit

This represents the maximum amount of our debt at any one time during the year, under the new Prudential borrowing regime that was introduced from April 2004.

Band D Equivalent

The weighted number of domestic properties subject to Council Tax in a Local Authority's area. It is expressed as a proportion to Band D which is the middle property band (e.g. 1 Band H = 2 Band D; 1 1/2 Band A = 1 Band D).

Billing Authority

The Local Authority, which collects the Council Tax. In Warwickshire, the District or Borough Council is the billing Authority.

Budget

A statement of our spending plans. The Council's financial year starts on 1 April and ends on 31 March.

Business rates (National Non-Domestic Rate – NNDR)

Businesses pay business rates instead of Council Tax. Each year, the Government sets the rate in the pound and business rates are collected by the billing Authority. Business rates are pooled nationally and a share is given back to Local Authorities based on the number of people living in the area. The amount charged is based on multiplying the rateable value of each business property by the national rate in the pound.

Capital Adjustment Account

Resources set aside to meet past capital expenditure.

Capital programme

Our plan of future spending on capital projects such as buying land, buildings, vehicles and equipment.

Capital receipt

Income from selling assets that have a long-term value. Capital receipts can be used to finance new capital expenditure within rules set by central government, but they cannot be used to finance day-to-day spending.

Capital spending

Spending on assets that have a lasting value, for example, land, buildings and large items of equipment such as vehicles.

Capital spending charged to revenue

Paying for capital spending direct from the Council's revenue monies.

Capping

A power under which the Government may limit the maximum level of Local Authority spending or increases in that level year on year, which it considers excessive. It is a tool to restrain increases in Council Tax.

Cash-flow statement

Summarises cash paid to and received from other organisations and individuals for capital and revenue purposes.

CIPFA

Chartered Institute of Public Finance and Accountancy. One of the major accountancy institutes which specialises in the public sector.

Collection Fund

A fund managed by the billing Authority (this Council) to receive Business Rates income and Council Tax income. It is also used to make payments to the national business rates pool and to pay a share of Council Tax collected to the County Council, Police and Crime Commissioner and this Council.

Corporate and democratic core

Spending relating to the need to co-ordinate and account for the many services we provide to the public including the cost of member representation and activities associated with public accountability.

Council Tax

A tax charged on domestic householders based on their property band. There are eight bands of property values. The amount paid will depend on which band your property is in. Reductions are given for empty properties or if you live on your own. In Warwickshire, the District or Borough Council issues Council Tax bills and collects the Council Tax.

Council Tax Base

An assessment by each billing Authority of the number of converted to Band D equivalents (the average band), after properties, allowing for non-collection and new properties, on which a tax can be charged.

Council Tax surpluses/losses

The District Councils' tax bases are calculated using estimated collection rates. Actual collection rates in a given year may give rise to a surplus/deficit to be taken into account when setting tax levels for the following year. Amounts in respect of Council Tax are shared between the District Council concerned, the County Council and the Police and Crime Commissioner pro-rata to the share of the aggregate of the precepts and demands on the collection fund. These surpluses and losses are applied to reduce or increase the spending of the Authority.

Creditors

People or organisations we owe money to for work, goods or services, which have not been paid for by the end of the financial year.

Current assets

Short-term assets that constantly change in value such as stocks, debtors and bank balances.

Current liabilities

Monies that are due to be paid in less than one year such as bank overdrafts and money owed to suppliers.

Current service cost

The current service cost is the increase in the value of the pension scheme's future pension liabilities arising from the employee's on-going membership of the pension scheme.

Current spending

The yearly running costs of Local Authorities, not including specific grants and the cost of buying our assets.

Curtailment costs

Curtailment costs are the amounts of money that are paid to a new pension scheme when a defined group of staff transfer from one pension scheme to another. The costs represent the value of the pension rights accrued by the transferring staff.

Debtors

People who owe us money that is not paid by the end of the financial year.

Depreciation

The drop in the value of assets such as buildings and vehicles which reflects wear and tear, age and the asset becoming out of date.

Earmarked reserves

Money set aside for a specific purpose.

Financial Year

Our financial year starts on 1 April and ends on 31 March.

General reserves

Money set aside to be used in the future to meet unforeseen eventualities.

Government grants

Payment by the Government towards the cost of Local Authority services. These are either for particular purposes or services (specific grants) or to fund local services generally (revenue support grant).

Gross spending

The overall cost of providing our services before allowing for government grants or other income.

International Financial Reporting Standards (IFRS)

Accounting standards/ practices on the way we need to treat certain items in our accounts.

Inventories

Goods bought which have not yet been used.

Leasing

A method of renting the use of vehicles, machinery and equipment. The items do not belong to us, but are the property of the leasing company to whom we pay rentals.

Liabilities

Money we will have to pay to people or organisations in the future.

Loss

The amount left over when expenses are higher than all income received.

Minimum revenue provision (MRP)

The statutory minimum amount by which the Council must set aside each year to repay loans.

Net book value

The value of an asset after depreciation and impairment charges

Net spending

The cost of providing a service after allowing for specific grants and other income from fees and charges (i.e. not including Council Tax and money from the Government).

Non-distributed costs

Past service pension costs including settlements and curtailments which are not to be included in total individual service costs.

Operating leases

A specific type of lease under which ownership of the goods and any profits or losses remain with the company (the lessor) leasing the goods to us.

Overheads

Spending on items not directly related to the supply of our services, for example, office cleaning costs.

Past service costs

The past service cost is the extra liability that arises when the Council grants extra retirement benefits that did not exist before.

Pensions interest cost and expected return on assets

The net interest cost is the increase in the value of the pension scheme liabilities that arise because those liabilities are one year closer to being paid.

The expected return on assets is the forecast of accrued benefit from investments of the pension fund in the long-term.

Petty Cash

Small sums of cash kept by departments to pay minor expenses.

Precept

The amount each non-billing Authority, (County Council, Police and Crime Commissioner) asks a billing Authority (this Council) to collect every year to meet their spending.

Property, Plant and Equipment

An item that is intended to be used for several years such as a building or a vehicle.

Provisions

Money set aside to meet specific service liabilities, and to meet spending.

Prudential Code

A statutory code of practice that sets out the framework for Local Authority capital finance that ensures:

- Capital expenditure plans are affordable;
- All external borrowing and other long term liabilities are within prudent and sustainable levels; and
- Treasury management decisions are taken in accordance with professional good practice.

Prudential System

A system introduced from April 2004 which allows Local Authorities to determine how much long-term borrowing they can afford to undertake to fund capital expenditure. This system replaced the previous complex regulatory framework of capital controls with a system based on self-regulation by Local Authorities. The system is enshrined in the Prudential Code.

Rateable Value (RV)

A value placed on all non-domestic properties (businesses) on which rates have to be paid, broadly based on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by the Inland Revenue’s Valuation Office Agency.

Reimbursements

Payments we receive for work we do for other public organisations, for example, the Government.

Reserves and funds

Savings we have built up from surpluses.

Revaluation Reserve

Store of gains on the revaluation of fixed assets.

Revenue spending

Spending on the day-to-day running of services - mainly wages, running expenses of buildings and equipment, and debt charges. These costs are met from the Council Tax, government grants, fees and charges.

Revenue Support Grant

The main government grant to support Local Authority services.

Specific grants

Payments from the Government to cover Local Authority spending on a particular service or project. Specific grants are usually a fixed percentage of the costs of a service or project.

Surplus

The remainder after taking away all expenses from income.

Tax Base

The tax base is an assessment by each billing Authority of the likely yield of a Council Tax of £1, taking into account the number of properties on which a tax can be levied. The Tax base counts properties as Band D equivalents .For setting Council Tax, the tax base is based on the District or Borough Council's number of Band D equivalent properties within each Local Authority area, allowing for non-collection of Council Tax and new properties.

PWLB

The Public Works Loans Board is a government agency, which provides long-term loans to Local Authorities at favourable interest rates only slightly higher than those at which the Government itself can borrow.

Unapportionable central overheads

Costs that do not relate to a single service or services, and so are held centrally.

Virement

The transfer of budget from one spending head to another. Limits on the amount of transfers are specified in the Council's Financial Regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NUNEATON AND BEDWORTH BOROUGH COUNCIL

Opinion on the Authority financial statements

We have audited the financial statements of Nuneaton and Bedworth Borough Council or the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statements, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure 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 2012/13.

This report is made solely to the members of Nuneaton and Bedworth Borough 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 Director of Finance and Procurement and auditor

As explained more fully in the Statement of the Director of Finance and Procurement Responsibilities, the Director of Finance and Procurement 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 the Director of Finance and Procurement; 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. 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 Nuneaton and Bedworth Borough Council as at 31 March 2013 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 2012/13.

Opinion on other matters

In our opinion, the3 information given in the explanatory foreword for the financial year for the financial statements are prepared is consistent with the financial statements.

Matter son 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 November 2012, 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 2013.

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 November 2012, we are satisfied that, in all significant respects, Nuneaton and Bedworth Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

We certify that we have completed the audit of the financial statements of Nuneaton and Bedworth Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

John Gregory

Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT

26 September 2013