

**MOVEMENT IN RESERVES STATEMENT 2012/13**

	General Fund £000	Schools Statutory Reserve £000	Insurance Reserve £000	Capital Receipts and Grants Unapplied Reserve £000	Other Earmarked Reserves £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
<b>Balance Brought Forward</b>	<b>29,688</b>	<b>39,151</b>	<b>7,571</b>	<b>6,422</b>	<b>121,691</b>	<b>204,523</b>	<b>(145,713)</b>	<b>58,810</b>
Surplus/(Deficit) on the provision of services	(218,193)	-	-	-	-	(218,193)	-	(218,193)
<b>Other Comprehensive Income and Expenditure</b>								
(Surplus)/Deficit arising on revaluation of non-current assets	-	-	-	-	-	-	16,914	16,914
Actuarial (gains)/losses on pension fund assets and liabilities	-	-	-	-	-	-	6,928	6,928
Other (gains) and losses	-	-	-	-	-	-	111	111
	-	-	-	-	-	-	23,953	23,953
<b>Total Comprehensive Income and Expenditure</b>	<b>(218,193)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(218,193)</b>	<b>23,953</b>	<b>(194,240)</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>								
Amortisation of intangible assets	2,114	-	-	-	-	2,114	(2,114)	-
Depreciation of Property, Plant and Equipment	45,243	-	-	-	-	45,243	(45,243)	-
Revaluation Gains and Losses	33,441	-	-	-	-	33,441	(33,441)	-
Movements in fair value of investment properties	867	-	-	-	-	867	(867)	-
Movements in fair value of non-current assets held for sale	1,908	-	-	-	-	1,908	(1,908)	-
Capital Grants credited to the CI&E	(41,189)	-	-	41,189	-	-	-	-
Application of grants to capital financing transferred to the CAA	-	-	-	(40,033)	-	(40,033)	40,033	-
Revenue Expenditure Funded from Capital under Statute	12,932	-	-	-	-	12,932	(12,932)	-
Revenue Expenditure Funded from Capital under Statute Grant Funding	(6,093)	-	-	-	-	(6,093)	6,093	-
Net Gain/Loss and disposal proceeds on disposal of non-current assets	210,496	-	-	-	-	210,496	(210,496)	-
Difference between the statutory charge and the amount recognised as income and expenditure in respect of financial instruments	(16)	-	-	-	-	(16)	16	-
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	270	-	-	-	-	270	(270)	-
Net charges made for retirement benefits in accordance with IAS 19	59,436	-	-	-	-	59,436	(59,436)	-
Statutory provision for the financing of capital investment	(23,205)	-	-	-	-	(23,205)	23,205	-
Capital Expenditure charged in the year to the General Fund	(11,504)	-	-	-	-	(11,504)	11,504	-
Employer's contributions payable to the Pension Fund and retirement benefits paid directly to pensioners	(49,227)	-	-	-	-	(49,227)	49,227	-
Difference between employee benefits charged to the CI&E and charged per statutory requirements	7,894	-	-	-	-	7,894	(7,894)	-
<b>Net additional Amount to be credited to the General Fund Balance</b>	<b>243,367</b>	<b>-</b>	<b>-</b>	<b>1,156</b>	<b>-</b>	<b>244,523</b>	<b>(244,523)</b>	<b>-</b>
<b>Net Increase/(Decrease) before transfers to Earmarked Reserves</b>	<b>25,174</b>	<b>-</b>	<b>-</b>	<b>1,156</b>	<b>-</b>	<b>26,330</b>	<b>(220,570)</b>	<b>(194,240)</b>
<b>Transfers to/(from) Earmarked Reserves</b>								
Transfers to/(from) other Earmarked Reserves	(12,744)	(6,178)	2,790	-	16,132	-	-	-
	(12,744)	(6,178)	2,790	-	16,132	-	-	-
<b>Carried Forward</b>	<b>42,118</b>	<b>32,973</b>	<b>10,361</b>	<b>7,578</b>	<b>137,823</b>	<b>230,853</b>	<b>(366,283)</b>	<b>(135,430)</b>

**MOVEMENT IN RESERVES STATEMENT 2011/12**

	General Fund £000	Schools Statutory Reserve £000	Insurance Reserve £000	Capital Receipts and Grants Unapplied Reserve £000	Other Earmarked Reserves £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
<b>Balance Brought Forward</b>	<b>28,124</b>	<b>31,764</b>	<b>20,639</b>	<b>3,518</b>	<b>90,212</b>	<b>174,257</b>	<b>298,285</b>	<b>472,542</b>
Surplus/(Deficit) on the provision of services	(134,876)	-	-	-	-	(134,876)	-	(134,876)
<b>Other Comprehensive Income and Expenditure</b>								
(Surplus)/Deficit arising on revaluation of non-current assets	-	-	-	-	-	-	11,874	11,874
Actuarial (gains)/losses on pension fund assets and liabilities	-	-	-	-	-	-	(290,360)	(290,360)
Other (gains) and losses	-	-	-	1	-	1	(371)	(370)
	-	-	-	1	-	1	(278,857)	(278,856)
<b>Total Comprehensive Income and Expenditure</b>	<b>(134,876)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(134,875)</b>	<b>(278,857)</b>	<b>(413,732)</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>								
Amortisation of intangible assets	1,402	-	-	-	-	1,402	(1,402)	-
Depreciation of Property, Plant and Equipment	47,626	-	-	-	-	47,626	(47,626)	-
Revaluation Gains and Losses	58,420	-	-	-	-	58,420	(58,420)	-
Movements in fair value of investment properties	7,571	-	-	-	-	7,571	(7,571)	-
Movements in fair value of non-current assets held for sale	1,931	-	-	-	-	1,931	(1,931)	-
Capital Grants credited to the CI&E	(53,844)	-	-	53,844	-	-	-	-
Application of grants to capital financing transferred to the CAA	-	-	-	(50,941)	-	(50,941)	50,941	-
Revenue Expenditure Funded from Capital under Statute	8,412	-	-	-	-	8,412	(8,412)	-
Revenue Expenditure Funded from Capital under Statute Grant Funding	(2,288)	-	-	-	-	(2,288)	2,288	-
Net Gain/Loss and disposal proceeds on disposal of non-current assets	128,004	-	-	-	-	128,004	(128,004)	-
Difference between the statutory charge and the amount recognised as income and expenditure in respect of financial instruments	(15)	-	-	-	-	(15)	15	-
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	(136)	-	-	-	-	(136)	136	-
Net charges made for retirement benefits in accordance with IAS 19	60,957	-	-	-	-	60,957	(60,957)	-
Statutory provision for the financing of capital investment	(22,519)	-	-	-	-	(22,519)	22,519	-
Capital Expenditure charged in the year to the General Fund	(13,034)	-	-	-	-	(13,034)	13,034	-
Employer's contributions payable to the Pension Fund and retirement benefits paid directly to pensioners	(58,398)	-	-	-	-	(58,398)	58,398	-
Difference between employee benefits charged to the CI&E and charged per statutory requirements	(1,851)	-	-	-	-	(1,851)	1,851	-
<b>Net additional Amount to be credited to the General Fund Balance</b>	<b>162,238</b>	<b>-</b>	<b>-</b>	<b>2,903</b>	<b>-</b>	<b>165,141</b>	<b>(165,141)</b>	<b>-</b>
<b>Net Increase/(Decrease) before transfers to Earmarked Reserves</b>	<b>27,362</b>	<b>-</b>	<b>-</b>	<b>2,904</b>	<b>-</b>	<b>30,266</b>	<b>(443,998)</b>	<b>(413,732)</b>
<b>Transfers to/(from) Earmarked Reserves</b>								
Transfers to/(from) other Earmarked Reserves	(25,798)	7,387	(13,068)	-	31,479	-	-	-
	(25,798)	7,387	(13,068)	-	31,479	-	-	-
<b>Carried Forward</b>	<b>29,688</b>	<b>39,151</b>	<b>7,571</b>	<b>6,422</b>	<b>121,691</b>	<b>204,523</b>	<b>(145,713)</b>	<b>58,810</b>

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	Note	2011/12			2012/13		
		Gross Expenditure	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure
		£000	£000	£000	£000	£000	£000
<b>Gross expenditure, gross income and net expenditure of continuing operations</b>							
Children's and Education Services		753,224	(548,055)	205,169	646,718	(425,509)	221,209
Environmental Services		34,916	(4,520)	30,396	35,643	(7,815)	27,828
Highways, Roads and Transportation	7	97,032	(15,503)	81,529	80,118	(9,834)	70,284
Cultural Services		25,174	(7,067)	18,107	26,620	(7,232)	19,388
Planning and Development		5,532	(1,064)	4,468	4,556	(455)	4,101
Adult Social Care		309,284	(99,404)	209,880	298,786	(100,824)	197,962
Democratic Representation and Management		3,624	(94)	3,530	4,052	(80)	3,972
Corporate Management		22,761	(12,375)	10,386	24,720	(5,486)	19,234
Non Distributed Costs		(4,970)	-	(4,970)	(19,442)	(1)	(19,443)
Central Services to the Public		1,649	(1,122)	527	2,270	(1,227)	1,043
<b>Contributions to Other Bodies</b>							
Coroner		544	-	544	565	-	565
<b>Cost of services</b>		<b>1,248,770</b>	<b>(689,204)</b>	<b>559,566</b>	<b>1,104,606</b>	<b>(558,463)</b>	<b>546,143</b>
<b>Other Operating Expenditure</b>							
Loss on Disposal of non-current assets	38	128,004	-	128,004	210,496	-	210,496
Change in fair value of Assets Held for Sale	21	1,931	-	1,931	1,908	-	1,908
Other Operating Income and Expenditure		1,986	(273)	1,713	387	(40)	347
<b>Financing and Investment Income and Expenditure</b>							
Interest Payable	25	33,526	-	33,526	31,283	-	31,283
Pensions Interest Costs		90,603	-	90,603	87,956	-	87,956
Expected Return on Pensions Assets		-	(72,874)	(72,874)	-	(61,490)	(61,490)
Interest and Investment Income	25	-	(384)	(384)	-	(561)	(561)
Income and Expenditure in relation to Investment Properties and changes in their fair value	22	7,683	(446)	7,237	1,013	(510)	503
Net (Surplus)/Deficit of Trading Undertakings	6	46,772	(46,163)	609	49,197	(47,515)	1,682
Insurance Revenue	41	3,163	(95)	3,068	(2,720)	(70)	(2,790)
<b>Taxation and Non-Specific Grant Income</b>							
Recognised capital grants and contributions	11			(53,844)			(41,189)
Income from Council Tax				(308,034)			(309,542)
General Government Grants	11			(66,906)			(20,861)
Non-Domestic Rates Distribution				(151,804)			(185,751)
New Homes Bonus Scheme				(619)			(972)
Early Intervention Grant				(29,237)			(31,248)
Council Tax Freeze Grant				(7,679)			(7,721)
<b>(Surplus)/Deficit on Provision of Services</b>				<b>134,876</b>			<b>218,193</b>
<b>(Surplus)/Deficit on Revaluation of non current assets</b>				<b>(11,874)</b>			<b>(16,914)</b>
<b>Actuarial (gains) / losses on pensions assets / liabilities</b>	15			<b>290,360</b>			<b>(6,928)</b>
<b>Any other (gains) and losses</b>				<b>370</b>			<b>(111)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>413,732</b>			<b>194,240</b>

The exceptional item from the 2011-12 statement of accounts has been reclassified to Non Distributed Costs due to materiality.

## BALANCE SHEET

		31 March 2012		31 March 2013	
	Note	£000	£000	£000	£000
<b>Property, Plant and Equipment (PPE)</b>	16				
Land and Buildings		819,154		645,871	
Vehicles, Plant Furniture and Equipment		65,825		49,595	
Infrastructure Assets		435,418		455,812	
Community Assets		33		32	
Surplus Assets		39,014		34,447	
Assets Under Construction		13,445	1,372,889	4,685	1,190,442
Heritage Assets	17	481		481	
Investment Property	22	17,614		16,247	
Intangible Assets	23	8,764		9,076	
Long Term Advances	24	2,570		2,857	
Long Term Investments	24	-		2,005	
Long Term Debtors	29	2,672	32,101	2,262	32,928
<b>Total Long Term Assets</b>			<b>1,404,990</b>		<b>1,223,370</b>
Short Term Investments	24	20,031		20,237	
Inventories	28	2,793		2,747	
Short Term Debtors	29	72,306		74,034	
Less Bad Debts Provision	29	(4,134)		(5,106)	
				68,928	
Cash and Cash Equivalents	31	29,318		14,401	
Landfill Usage Allowances	32	-		-	
Assets Held for Sale	21	3,551		5,662	
<b>Total Current Assets</b>			<b>123,865</b>		<b>111,975</b>
Short Term Creditors	30	(134,334)		(116,766)	
Short Term Provisions	36	(14,464)		(3,422)	
Loans to be repaid within 1 year		(14,264)		(16,191)	
Short Term Finance Lease Liability	24, 33, 34	(4,880)		(4,854)	
			(167,942)		(141,233)
<b>Total Assets less Current Liabilities</b>			<b>1,360,913</b>		<b>1,194,112</b>
Long Term Provisions	36	(11,875)		(11,175)	
Long Term Borrowing		(279,840)		(309,040)	
Long Term Finance Lease Liability	24, 33, 34	(131,210)		(126,993)	
Deferred Liability	25	(1,950)		(1,660)	
Capital Grants Receipts in Advance	11	(2,364)		(2,640)	
			(427,239)		(451,508)
IAS 19 Pensions Liability	15		(874,864)		(878,034)
<b>Total Net Assets</b>			<b>58,810</b>		<b>(135,430)</b>
<b>Usable Reserves</b>					
Capital Receipts and Grants Unapplied Reserve	37		6,422		7,578
Other Earmarked Reserves	40		121,691		137,823
General Insurance	40, 41		7,571		10,361
Schools Statutory Reserves	40, 42		39,151		32,973
General Fund Balance	40		29,688		42,118
<b>Unusable Reserves</b>	43				
Capital Adjustment Account			626,721		417,431
Revaluation Reserve			108,503		108,541
IAS 19 Pensions Reserves	15		(874,864)		(878,034)
Financial Instruments Adjustment Account			(146)		(130)
Collection Fund Adjustment Account			4,765		4,495
Employee Benefits Account			(10,692)		(18,586)
			<b>58,810</b>		<b>(135,430)</b>

The unaudited accounts were issued on 28 June 2013 and the audited accounts were authorised for issue on 26th September 2013

Paul Simpson, Service Director (Finance & Procurement), Environment and Resources

## CASHFLOW STATEMENT

	Note	2011/12 £000	2012/13 £000
Net (surplus) or deficit on the provision of services		134,876	218,193
<b>Adjust for non-cash movements</b>			
Depreciation and amortisation		(49,028)	(47,357)
Impairment of Property, Plant and Equipment		(58,420)	(33,441)
Movement in current assets and liabilities		22,942	21,587
Movement in reserves and provisions		(4,130)	11,742
Adjustments in respect of pension charges		(2,559)	(10,209)
Grants applied		53,844	41,189
Carrying value of assets disposed of		(174,295)	(213,314)
Non-cash disposal proceeds		30,194	-
Other		(9,429)	(2,579)
		<b>(190,881)</b>	<b>(232,382)</b>
Adjust for items included in investing or financing		16,098	2,818
<b>Net cash flows from operating activities</b>		<b>(39,907)</b>	<b>(11,371)</b>
Investing activities	45	19,973	53,050
Financing activities	46	(18,378)	(26,762)
<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>(38,312)</b>	<b>14,917</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>(8,994)</b>	<b>29,318</b>
<b>Cash and cash equivalents at end of period</b>		<b>29,318</b>	<b>14,401</b>

# NOTES TO THE STATEMENT OF ACCOUNTS

## 1. Accounting Standards Issued but not yet Adopted

The International Accounting Standards Board have published a final version of the revised IAS19 standard, that will apply for accounting periods beginning on or after 1 January 2013. This change in accounting standard will affect the IAS19 pension charges to the Comprehensive Income and Expenditure Statement.

In summary, the main changes that affect the Comprehensive Income and Expenditure Statement are:

- Removal of the expected return on assets, to be replaced by net interest cost comprising interest income on the assets and interest expense on the liabilities, which are both calculated with reference to the discount rate;
- Some labelling changes to the Income and Expenditure charge e.g. "Service cost" will include what is currently described as the "Current Service Cost" plus the "Past Service Cost", any "Curtailments" and any "Settlements".

Administration expenses which are currently deducted from the actual and expected returns on assets will in future be accounted for within the Comprehensive Income and Expenditure Statement.

These changes do not come into effect until 2013/14. However, if they had been in effect in 2012/13 it would have increased the net interest charge recognised in the Comprehensive Income and Expenditure Statement by £12.2 million. There is no material impact on the Council's Balance Sheet.

## 2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the Statement of Accounting Policies, 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:

- The Council has had to make detailed assessments and judgements regarding the control exercised over schools run in a wide variety of different ways to determine whether they should be treated as on or off Balance Sheet. This has resulted in the following treatments:
  - Academy schools - off Balance Sheet
  - Foundation schools - off Balance Sheet
  - Voluntary aided schools - off Balance Sheet
  - Voluntary controlled schools - on Balance Sheet
  - Community schools - on Balance Sheet
- 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.

## 3. 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 assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2013 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

## **Property, Plant and Equipment**

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.6 million for every year that useful lives had to be reduced.

## **Provisions**

The Authority made a provision for £1.3 million in respect of anticipated cost of redundancies in 2013/14. This figure was calculated based upon the best estimate of the impact of published section 188 notice of redundancies as at 31 March 2013; in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992. A variation of 10% of the amount provided would have an impact of £0.1 million on the provision required.

## **Insurance**

The Authority operates a self insurance scheme and has established a provision of £12.4 million to cover known claims and liabilities. The values provided are based upon historic experience and advice from claims advisers. However the actual values paid out are subject to agreement and possible legal action. Therefore the final payments may differ significantly from that provided. A variation of 10% on the amount provided would have an impact of £1.2 million on the provision required.

## **Pensions**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways. It is therefore not possible to provide a meaningful quantification of the possible variation in the overall liability.

## **4. Adjustments between Accounting Basis and Funding Basis under Regulations**

The adjustments between the accounting basis and the funding basis under regulations are shown in the Movement in Reserves Statement.

## 5. Amounts Reported for Resource Allocation Decisions

For the year ended 31 March 2013

	Schools	Children & Young People's Services	Adult Social Care & Health Services	Transport & Highways	Other Direct Services	Total
	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(19,536)	(24,417)	(105,053)	(16,908)	(83,364)	(249,278)
Government grants	(386,112)	(17,472)	(11,937)	(887)	(5,775)	(422,183)
<b>Total Income</b>	<b>(405,648)</b>	<b>(41,889)</b>	<b>(116,990)</b>	<b>(17,795)</b>	<b>(89,139)</b>	<b>(671,461)</b>
Employee expenses	290,522	68,669	57,387	11,418	85,688	513,684
Other operating expenses	115,150	109,181	246,814	53,392	103,365	627,902
Depreciation, amortisation and impairment	-	22,764	1,513	14,347	8,181	46,805
Transactions with departmental reserves	8,962	1,650	6,891	(265)	(1,800)	15,438
<b>Total operating expenses</b>	<b>414,634</b>	<b>202,264</b>	<b>312,605</b>	<b>78,892</b>	<b>195,434</b>	<b>1,203,829</b>
<b>Net Cost of Services</b>	<b>8,986</b>	<b>160,375</b>	<b>195,615</b>	<b>61,097</b>	<b>106,295</b>	<b>532,368</b>

### Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

	£000
Cost of Services in Service Analysis	532,368
Add services not included in main analysis	-
Add amounts not reported in service management accounts	30,353
Remove amounts reported to management not included in the Comprehensive Income and Expenditure Statement	(16,578)
<b>Net Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>546,143</b>

### Reconciliation to Subjective Analysis (Single Entity)

	Service Analysis	Not reported in service mgmt a/c's	Not included in CI&E	Net Cost of Services	Corporate Amounts	Other Items below Cost of Services	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(249,278)	-	-	(249,278)	-	(2,790)	(252,068)
Interest and investment income	-	-	-	-	-	(561)	(561)
Income from council tax	-	-	-	-	(309,812)	270	(309,542)
Government grants and contributions	(422,183)	(5,684)	-	(427,867)	(40,898)	(246,844)	(715,609)
<b>Total Income</b>	<b>(671,461)</b>	<b>(5,684)</b>	<b>-</b>	<b>(677,145)</b>	<b>(350,710)</b>	<b>(249,925)</b>	<b>(1,277,780)</b>
Employee expenses	513,684	(4,319)	-	509,365	-	26,466	535,831
Other service expenses	627,902	6,460	(7,690)	626,672	-	1,667	628,339
Depreciation, amortisation, impairment and revaluation	46,805	33,631	-	80,436	-	362	80,798
Other Expenditure Relating to Held for Sale and Investment Properties	-	-	-	-	-	2,411	2,411
Transactions with departmental reserves	15,438	-	(8,888)	6,550	-	-	6,550
Interest Payments	-	-	-	-	15,845	15,438	31,283
Precepts and Levies	-	265	-	265	-	-	265
Gain or Loss on Disposal of Non-current assets	-	-	-	-	-	210,496	210,496
<b>Total operating expenses</b>	<b>1,203,829</b>	<b>36,037</b>	<b>(16,578)</b>	<b>1,223,288</b>	<b>15,845</b>	<b>256,840</b>	<b>1,495,973</b>
<b>Surplus or deficit on the provision of services</b>	<b>532,368</b>	<b>30,353</b>	<b>(16,578)</b>	<b>546,143</b>	<b>(334,865)</b>	<b>6,915</b>	<b>218,193</b>



## 5. Amounts Reported for Resource Allocation Decisions (Continued)

For the year ended 31 March 2012

	Schools	Children & Young People's Services	Adult Social Care & Health Services	Transport & Highways	Other Direct Services	Total
	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(26,472)	(24,965)	(101,953)	(15,550)	(50,489)	(219,429)
Government grants	(502,365)	(16,705)	(10,928)	(6,271)	(6,391)	(542,660)
<b>Total Income</b>	<b>(528,837)</b>	<b>(41,670)</b>	<b>(112,881)</b>	<b>(21,821)</b>	<b>(56,880)</b>	<b>(762,089)</b>
Employee expenses	384,384	80,173	74,015	11,924	67,751	618,247
Other operating expenses	138,793	101,949	232,520	58,945	86,411	618,618
Depreciation, amortisation and impairment	-	25,659	2,035	16,087	5,207	48,988
Transactions with departmental reserves	(605)	(460)	(47)	(4,058)	1,792	(3,378)
<b>Total operating expenses</b>	<b>522,572</b>	<b>207,321</b>	<b>308,523</b>	<b>82,898</b>	<b>161,161</b>	<b>1,282,475</b>
<b>Net Cost of Services</b>	<b>(6,265)</b>	<b>165,651</b>	<b>195,642</b>	<b>61,077</b>	<b>104,281</b>	<b>520,386</b>

### Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

	£000
Cost of Services in Service Analysis	520,386
Add services not included in main analysis	-
Add amounts not reported in service management accounts	84,764
Remove amounts reported to management not included in the Comprehensive Income and Expenditure Statement	(45,584)
<b>Net Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>559,566</b>

### Reconciliation to Subjective Analysis (Single Entity)

	Service Analysis	Not reported in service mgmt a/c's	Not included in CI&E	Net Cost of Services	Corporate Amounts	Other Items below Cost of Services	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(219,429)	-	-	(219,429)	-	3,068	(216,361)
Interest and investment income	-	-	-	-	-	(384)	(384)
Income from council tax	-	-	-	-	(307,898)	(136)	(308,034)
Government grants and contributions	(542,660)	(1,620)	-	(544,280)	(236,947)	(73,142)	(854,369)
<b>Total Income</b>	<b>(762,089)</b>	<b>(1,620)</b>	<b>-</b>	<b>(763,709)</b>	<b>(544,845)</b>	<b>(70,594)</b>	<b>(1,379,148)</b>
Employee expenses	618,247	2,918	(14,982)	606,183	-	17,729	623,912
Other service expenses	618,618	24,742	(35,698)	607,662	-	1,713	609,375
Depreciation, amortisation and impairment	48,988	40	-	49,028	-	-	49,028
Other Expenditure Relating to Held for Sale and Investment Properties	-	-	-	-	-	9,168	9,168
Transactions with departmental reserves	(3,378)	58,420	5,096	60,138	35,689	(35,080)	60,747
Interest Payments	-	-	-	-	15,855	17,671	33,526
Precepts and Levies	-	264	-	264	-	-	264
Gain or Loss on Disposal of Non-current assets	-	-	-	-	-	128,004	128,004
<b>Total operating expenses</b>	<b>1,282,475</b>	<b>86,384</b>	<b>(45,584)</b>	<b>1,323,275</b>	<b>51,544</b>	<b>139,205</b>	<b>1,514,024</b>
<b>Surplus or deficit on the provision of services</b>	<b>520,386</b>	<b>84,764</b>	<b>(45,584)</b>	<b>559,566</b>	<b>(493,301)</b>	<b>68,611</b>	<b>134,876</b>

## 6. Summary Revenue Accounts of Trading Undertakings

	Turnover	2011/12 Expend- iture	Surplus/ (Deficit)	Turnover	2012/13 Expend- iture	Surplus/ (Deficit)
	£000	£000	£000	£000	£000	£000
<b>Direct Services</b> <i>Cleaning, catering, vehicle maintenance, building and grounds maintenance and highways maintenance to the Authority. Some work is undertaken on behalf of external clients.</i> (Note 1)	78,867	79,496	(629)	89,752	92,117	(2,365)
<b>Legal Services</b> <i>Provision of legal services to the Authority</i>	4,932	4,842	90	5,997	5,457	540
<b>County Supplies</b> <i>A purchasing and supply service to the Authority and some external public bodies</i>	5,632	5,450	182	5,868	5,846	22
<b>Clayfields Secure Unit</b> <i>Specialist children's services to the Youth Justice Board and Local Authorities</i>	4,304	4,556	(252)	4,206	4,085	121
<b>Total</b>	<b><u>93,735</u></b>	<b><u>94,344</u></b>	<b><u>(609)</u></b>	<b><u>105,823</u></b>	<b><u>107,505</u></b>	<b><u>(1,682)</u></b>

Note:

1. The Contracting Services deficit is a result of the pension costs impact of IAS19, regradings under the NJE scheme, redundancy payments and backfunding of pensions.

## 7. Agency Work

The Council carries out work on behalf of the Highways Agency, mainly relating to traffic signal maintenance and payment of energy charges for Area 7 of the Trunk Road network. Expenditure is fully reimbursed by the Highways Agency and the amount for 2012/13 was £274,000 (£433,000 for 2011/12).

## 8. Audit Fees

The Authority has been advised of the following fees payable to KPMG (UK) LLP (the Audit Commission in 2011/12). All fees have been included in the accounts for the period to which they relate except grant claims. The fees included for grant claims are an estimate of the cost of the certification of grant claims and returns relating to 2012/13 which will be paid to KPMG (UK) LLP in 2013/14.

	2011/12 £000	2012/13 £000
External Audit Fees	221	131
Grant Claims	2	4
External Audit Fee Rebate	-	(18)
Other Services	14	55
	<u>237</u>	<u>172</u>

The other services relate to prior year objections and queries from electors. The audit fee rebate is from the Audit Commission who no longer provide the Council with audit services and relates to prior years.

## 9. Specific Revenue Grants

The value of revenue grants included as income within the cost of services is as follows:

<b>Service</b>	2011/12 £000	2012/13 £000
Children's and Education Services	509,859	396,402
Environmental Services	467	342
Highways, Roads and Transportation	3,268	558
Cultural Services	76	242
Planning and Development	393	89
Adult Social Care	10,928	11,970
Corporate Management	8,018	443
	<u>533,009</u>	<u>410,046</u>
<b>Funding Body</b>		
Department for Communities and Local Government	8,065	2,228
Department for Education	477,819	394,132
Department of Health	10,569	11,829
Department for Transport	3,242	307
Department for Work and Pensions	386	252
European Grants	-	313
Home Office	755	685
Arts Council	76	213
Department for Business, Innovation and Skills	1,475	58
Young People's Learning Agency	29,936	-
Other	686	29
	<u>533,009</u>	<u>410,046</u>
<b>Analysis of Revenue Receipts in Advance</b>		
Department for Communities and Local Government	2,295	1,873
Department for Education	150	16
Department of Health	-	398
Department for Transport	240	121
Department for Business, Innovation and Skills	808	1,306
Young People's Learning Agency	282	282
Other	348	368
	<u>4,123</u>	<u>4,364</u>

## 10. Minimum Revenue Provision (MRP)

Regulations require local authorities to set aside money to provide for redemption of outstanding debt. This amount is offset against the level of depreciation already charged to the Authority's Comprehensive Income and Expenditure Statement to ensure that depreciation charges do not increase the net expenditure of the Authority. The MRP Policy agreed by the Authority on 28 February 2013 requires that:

- MRP for capital expenditure financed by borrowing prior to 1 April 2007 continues to be based on the previous regulatory method and the Authority continues to set aside 4% of outstanding debt
- MRP for capital expenditure financed by borrowing after 1 April 2007 is made on the basis of equal annual instalments over the estimated lives of assets
- For "on Balance Sheet" PFI contracts, the MRP requirement is regarded as met by a charge equal to the element of the unitary charge applied to write down the liability
- For finance leases, the MRP requirement is regarded as met by a charge equal to the element of the rent that goes to write down the liability.

The amount required under the MRP regulations for 2012/13 is £23.2 million (£22.5 million for 2011/12) of which £4.4 million (£4.9 million for 2011/12) relates to repayment of the PFI finance liability. The amount of depreciation and amortisation charged was £47.4 million (£49.0 million for 2011/12).

## 11. General Government Grants Income and Taxation

The Council set the 2012/13 Council Tax for a Band D property at £1,193.18 (£1,193.18 in 2011/12). This was suitably adjusted for other Bands of property and a precept was issued to the District Councils to recover the relevant amounts. Any variances in the amounts actually collected by the District Councils on behalf of the Council will be adjusted in the amounts payable next year.

The figure for income from Council Tax includes accruals for the year-end position for the Council's share of the various District Council Collection Funds. The value of the accrual in 2012/13 is £(0.3) million (£0.1 million for 2011/12) which is reversed out of the General Fund in the Movement in Reserves Statement and held in the Balance Sheet in the Collection Fund Adjustment Account.

A number of grants are paid to the Council directly by the Government. The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

<b>Credited to Taxation and Non Specific Grant Income</b>	<b>2011/12 £000</b>	<b>2012/13 £000</b>
Department for Education	29,469	13,285
Department of Health	1,839	1,336
Department for Transport	18,856	22,402
Sport England	464	-
Other Grants	3,181	4,166
Donations	35	-
<b>Capital Grants and Contributions</b>	<b><u>53,844</u></b>	<b><u>41,189</u></b>
Revenue Support Grant	46,923	3,601
Local Services Support Grant	1,448	1,738
Academies Funding Transfer	-	186
PFI	18,535	15,336
<b>General Government Grants</b>	<b><u>66,906</u></b>	<b><u>20,861</u></b>

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, if not fulfilled, will require the monies or property to be returned to the donor. The balances at year-end are as follows:

	2011/12 £000	2012/13 £000
<b>Capital Grants Receipts in Advance</b>		
Department for Communities and Local Government	(306)	(306)
Department for Education	-	(9)
Other Grants	(2,058)	(2,325)
<b>Total</b>	<u><u>(2,364)</u></u>	<u><u>(2,640)</u></u>

## 12. Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund Academy schools in the Council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the school finance (England) Regulations 2011. The schools budget includes elements for a range of educational services provided on an Authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2012/13 are as follows:

### Schools Budget Funded by Dedicated Schools Grant

	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
Final DSG for 2012/13 before Academy recoupment			509,918
Academy figure recouped for 2013/14			(150,794)
Total DSG after Academy recoupment for 2012/13			359,124
Brought Forward 2011/12			4,386
Carry Forward to 2013/14 agreed in advance			-
<b>Agreed initial budgeted distribution for 2012/13</b>	<b>55,963</b>	<b>307,547</b>	<b>363,510</b>
In year adjustments	(8,518)	8,518	-
Final budgeted distribution for 2012/13	47,445	316,065	363,510
Actual central expenditure	(38,650)	-	(38,650)
Actual ISB deployed to schools	-	(316,065)	(316,065)
Plus Local Authority contribution for 2012/13	-	-	-
<b>Carried forward to 2013/14</b>	<b><u><u>8,795</u></u></b>	<b><u><u>-</u></u></b>	<b><u><u>8,795</u></u></b>

### 13. Employee Remuneration

The table below shows the number of staff employed by the Council whose remuneration, taxable expenses and severance (if applicable) amounted to £50,000 or more in the financial year. The table includes the senior staff separately identified in the subsequent tables.

Pay Band	Number of Staff					
	2011/12			2012/13		
	Exc Redundancy		Inc	Exc Redundancy		Inc
Schools	Non Schools	Total	Schools	Non Schools	Total	Total
£180,000 - £184,999	-	1	1	-	1	1
£175,000 - £179,999	-	-	-	-	-	-
£170,000 - £174,999	-	-	1	-	-	-
£165,000 - £169,999	-	-	-	-	-	-
£160,000 - £164,999	-	-	-	-	-	-
£155,000 - £159,999	-	-	-	-	-	-
£150,000 - £154,999	-	-	-	-	-	1
£145,000 - £149,999	1	-	1	-	-	-
£140,000 - £144,999	-	-	1	1	-	3
£135,000 - £139,999	-	-	-	-	-	-
£130,000 - £134,999	1	1	2	-	1	2
£125,000 - £129,999	-	1	1	-	1	1
£120,000 - £124,999	-	1	1	-	2	3
£115,000 - £119,999	-	-	-	-	-	-
£110,000 - £114,999	-	-	1	1	-	1
£105,000 - £109,999	1	-	1	-	-	-
£100,000 - £104,999	3	-	4	1	-	1
£95,000 - £99,999	2	-	3	-	-	2
£90,000 - £94,999	1	1	5	1	-	3
£85,000 - £89,999	6	6	17	1	11	14
£80,000 - £84,999	6	7	14	4	3	8
£75,000 - £79,999	4	1	9	6	-	8
£70,000 - £74,999	17	3	33	15	1	20
£65,000 - £69,999	33	2	48	27	2	32
£60,000 - £64,999	58	27	108	44	19	68
£55,000 - £59,999	97	30	136	87	27	125
£50,000 - £54,999	110	42	175	65	29	97
	<b>340</b>	<b>123</b>	<b>562</b>	<b>253</b>	<b>97</b>	<b>390</b>

The tables below show the remuneration of the Council's Senior Employees as defined by the Accounts and Audit (England) Regulations 2011.

### 2012/13

Post Holder information (Post title and name (where applicable))	Note	Salary (including fees & allowances) £	Expense Allowances £	Compensation for Loss of Office £	Employer Pension contributions £	Total Remuneration £
Chief Executive - M Burrows		184,410	-	-	-	184,410
Corporate Director of CFCS		134,908	-	-	24,688	159,596
Corporate Director of ASCH & PP		126,482	-	-	23,126	149,608
Corporate Director of Env & Resources		121,371	-	-	22,211	143,582
Corporate Director of PPCS	1	123,771	-	-	22,650	146,421
Service Director (Finance & Procurement)	2	86,788	-	-	15,928	102,716

1. The post of Corporate Director of PPCS has been redesignated from Assistant Chief Executive. This was backdated to 1st March 2012. Their annualised salary is £121,371. This post has the statutory responsibility of the monitoring officer.

2. The post of Service Director (Finance & Procurement) has the statutory responsibility of S151 Officer.

### 2011/12

Post Holder information (Post title and name (where applicable))	Note	Salary (including fees & allowances) £	Expense Allowances £	Compensation for Loss of Office £	Employer Pension contributions £	Total Remuneration £
Chief Executive - M Burrows		184,410	-	-	33,747	218,157
Corporate Director of CFCS		134,908	-	-	24,688	159,596
Corporate Director of ASCH & PP		126,482	-	-	23,126	149,608
Corporate Director of Env & Resources		121,371	-	-	22,211	143,582
Director of the Improvement Programme	1	82,500	-	-	18,452	100,952
Assistant Chief Executive	4	93,480	-	-	17,549	111,029
Service Director (Finance)	2, 5	12,628	-	58,679	3,982	75,289
Service Director (Finance & Procurement)	3, 5	72,766	-	-	13,316	86,082

1. The Director of the Improvement Programme left their post on 31 December 2011. Their annualised salary was £110,000. This post has since been disestablished.

2. The Service Director (Finance) left their post on 30 June 2011. Their annualised salary was £87,038

3. The Service Director (Finance & Procurement) took up their post on 31 May 2011. Their annualised salary is £87,038

4. The post of Assistant Chief Executive had the statutory responsibility of the monitoring officer.

5. The posts of Service Director (Finance) and Service Director (Finance & Procurement) had the statutory responsibility of S151 Officer.

The table below includes all exits from the Authority, including school based, and takes into account the cost of pension contributions that would have been paid had a retiring employee not left the Authority early. It may differ from other published information.

Payment Ranges	Number of Compulsory Redundancies		Number of Other Departures Agreed		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 £
£ - - £ 20,000	186	69	308	138	494	207	3,730,707	1,784,763
£ 20,001 - £ 40,000	57	24	196	87	253	111	7,502,725	3,254,025
£ 40,001 - £ 60,000	11	14	42	23	53	37	2,579,755	1,771,717
£ 60,001 - £ 80,000	5	6	26	8	31	14	2,131,976	960,195
£ 80,001 - £ 100,000	1	3	4	3	5	6	437,131	546,871
£ 100,001 - £ 150,000	1	2	4	2	5	4	595,940	439,572
<b>Total</b>	<b>261</b>	<b>118</b>	<b>580</b>	<b>261</b>	<b>841</b>	<b>379</b>	<b>16,978,234</b>	<b>8,757,143</b>

## 14. Pensions – Contributions

### Teachers

In 2012/13, the Council paid £21.1 million to the Teacher's Pension Agency (£28.2 million in 2011/12) in respect of teachers' pension costs, which represents 14.1% of teachers' pensionable pay (14.1% in 2011/12). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related inflation increases. In 2012/13, these amounted to £5.6 million (£5.3 million in 2011/12), representing 3.75% of pensionable pay (2.64% in 2011/12). The Authority is allowed to enhance lump sum retirement payments to teachers which in 2012/13 amounted to £0.1 million (£0.4 million in 2011/12).

### Other Employees

During 2012/13, the net cost of pensions and other benefits amounted to £39.4 million (£43.6 million in 2011/12), which represented 18.3% of pensionable pay (18.3% in 2011/12). The actuarial report upon which the 2012/13 accounts have been prepared was for a 3 year period commencing 1 April 2011. The report indicated that the cost of providing for 100% of pension funding in accordance with IAS 19 Employee Benefits was 18.3% of pensionable pay. The report sets out the following pension fund contribution rates for the Council:

2011/12	18.3% of pensionable pay
2012/13	18.3% of pensionable pay
2013/14	18.3% of pensionable pay

The Council is responsible for all pension payments relating to discretionary added years benefits it has awarded, together with the related inflation increases. The annual costs are funded by charges to Services. In 2012/13 these amounted to £2.2 million, (£2.1 million in 2011/12) representing 1.03% of pensionable pay (0.89% in 2011/12). The Council also paid £2.0 million into the Pension Fund in 2012/13 (£7.3 million for 2011/12) to fund the non-discretionary additional strain on the pension fund of early retirements.



## 15. Pensions – IAS19

The IAS19 position as at 31 March 2013 was a net liability as set out in the table below :

	2011/12 £000	2012/13 £000
Local Government Pension Scheme	798,204	793,356
Teachers Unfunded Defined Benefit Scheme	76,660	84,678
<b>Total Net Liability</b>	<b><u>874,864</u></b>	<b><u>878,034</u></b>

Assets have been valued using the market value at 31 December 2012 increased by market index returns for the last three months of the accounting period. Liabilities have been valued using the projected unit method which assesses the future liabilities of the fund discounted to their present value. This work was undertaken by Barnett Waddingham LLP, an independent firm of actuaries, based upon the estimated position at 31 March 2013 provided by the Council during March 2013. The actual figures for 2012/13 are not considered materially different from the estimates provided.

### Local Government Pension Scheme

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

	2011/12 £000	2012/13 £000
<b>Comprehensive Income and Expenditure Statement</b>		
Cost of Services		
- current service cost	(48,681)	(53,423)
- past service (cost) / gain	-	-
- Gains (losses) on curtailments	5,453	20,453
Financing and Investment Income and Expenditure		
- interest cost	(86,636)	(84,560)
- expected return on scheme assets	72,874	61,490
<b>Net Charge to the Comprehensive Income and Expenditure Statement</b>	<b><u>(56,990)</u></b>	<b><u>(56,040)</u></b>

### Movement in Reserves

- reversal of net charges made for retirement benefits in accordance with IAS19	56,990	56,040
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Actual amount charged against the General Fund Balance for pensions in the year:

- employers contributions payable to the Pension Fund and retirement benefits payable directly to pensioners	53,142	43,484
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In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, the following actuarial gains/losses were included within other comprehensive income and expenditure.

	2011/12 £000	2012/13 £000
Actuarial gains / (losses)	(287,126)	17,294

## Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2011/12 £000	2012/13 £000
<b>Deficit at 1 April</b>	<b>1,589,192</b>	<b>1,890,825</b>
Current service cost	48,681	53,423
Interest cost	86,636	84,560
Actuarial (gains) / losses	240,054	87,680
Gain (loss) on curtailments	6,179	2,907
Liabilities extinguished on settlements	(25,526)	(43,415)
Benefits paid	(67,204)	(63,919)
Contributions by scheme participants	15,113	13,462
Past service costs / (gain)	-	-
Unfunded pension payments	(2,300)	(2,226)
<b>Deficit at 31 March</b>	<b><u>1,890,825</u></b>	<b><u>2,023,297</u></b>

Reconciliation of fair value of the scheme assets:

	2011/12 £000	2012/13 £000
<b>At 1 April</b>	<b>1,082,333</b>	<b>1,092,621</b>
Expected return on scheme assets	72,874	61,490
Actuarial gains / (losses)	(47,072)	104,974
Employer contributions	52,771	43,594
Contributions by scheme participants	15,113	13,462
Benefits paid	(69,504)	(66,145)
Receipt/(Payment) of bulk transfer	(13,894)	(20,055)
<b>At 31 March</b>	<b><u>1,092,621</u></b>	<b><u>1,229,941</u></b>
<b>Opening Net Position</b>	<b>(506,859)</b>	<b>(798,204)</b>
<b>Closing Net Position</b>	<b>(798,204)</b>	<b>(793,356)</b>

The expected return on scheme assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2012 for the year to 31 March 2013). The returns on gilts and other bonds are assumed to be gilts yields and corporate bond yields (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilts yields.

## Scheme History

	2008/09	2009/10	2010/11	2011/12	2012/13
	£m	£m	£m	£m	£m
Present value of liabilities	(1,280.3)	(1,986.9)	(1,589.1)	(1,890.8)	(2,023.3)
Fair value of scheme assets	737.9	1,000.7	1,082.3	1,092.6	1,229.9
Surplus/(deficit) in the scheme	<u>(542.4)</u>	<u>(986.2)</u>	<u>(506.8)</u>	<u>(798.2)</u>	<u>(793.4)</u>
<b>Cumulative actuarial gain (loss)</b>	<b><u>(66.6)</u></b>	<b><u>(497.6)</u></b>	<b><u>(115.5)</u></b>	<b><u>(402.6)</u></b>	<b><u>(385.3)</u></b>

IAS19 requires the Authority to determine the surplus or deficit of its Pension Fund on an annual basis. In the short-term, changes in the value of investments can lead to a significant variation to the surplus or deficit on the fund which might be expected to show a smoother trend over the longer term. Every three years the Authority reviews its contributions to the fund based upon a detailed actuarial exercise which takes account of existing liabilities and likely investment returns and sets out an approach to meeting 100% of liabilities over a period of time. This takes a longer-term view of the fund position than that required by IAS19 and is expected to be less prone to significant changes in fund value as a result of short-term fluctuations in market values. The Authority does not expect the deficit shown to make a significant impact upon reserves or revenue funding requirements in the short term. The triennial revaluation effective 1 April 2011 showed that the Authority's contributions to the fund would be increasing by 0.9% of pensionable pay in each of the next three financial years.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2014 is £ 37.0 million.

The actuarial assumptions used to calculate the position in accordance with IAS19 were as follows:

	<b>31 March 2012</b>	<b>31 March 2013</b>
Rate of inflation - RPI Increases	3.30%	3.40%
Rate of inflation - CPI Increases	2.50%	2.60%
Rate of increase in salaries	4.70%	4.80%
Rate of increase in pensions	2.50%	2.60%
Discount rate	4.60%	4.50%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men (years)	18.6	18.7
Women (years)	22.7	22.8
Longevity at 65 for future pensioners:		
Men (years)	20.6	20.7
Women (years)	24.5	24.6
Expected return on assets	5.70%	5.70%
Proportion of employees opting to take an increased lump sum/reduced pension	50.00%	50.00%

The estimated asset allocation of the Whole Fund is as follows:

	<b>31 March 2012</b>	<b>31 March 2013</b>
	%	%
Market Value of Assets:		
Equities	70.0	73.0
Government bonds	7.0	7.0
Other bonds	5.0	6.0
Property	14.0	12.0
Cash/Liquidity	4.0	2.0
<b>Total Assets</b>	<b>100.0</b>	<b>100.0</b>

The Council publishes a Pension Fund Annual Report which is available upon request. A copy is available on the pension fund website ([www.nottspf.org.uk](http://www.nottspf.org.uk)).

## History of experience of 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 adjustments on scheme assets	(30.3)	19.9	0.5	(4.3)	8.5
Experience adjustments on scheme liabilities	-	-	2.1	-	-

## Teachers

Under IAS19, the Teachers added years scheme is classed as an unfunded defined benefit scheme. The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

	2011/12 £000	2012/13 £000
<b>Comprehensive Income and Expenditure Statement</b>		
Cost of Services		
- past service (cost) / gain	-	-
- Gains (losses) on curtailments	-	-
Financing and Investment Income and Expenditure		
- interest cost	(3,967)	(3,396)
<b>Net Charge to the Comprehensive Income and Expenditure Statement</b>	<b><u>(3,967)</u></b>	<b><u>(3,396)</u></b>
<b>Movement in Reserves</b>		
- reversal of net charges made for retirement benefits in accordance with IAS19	3,967	3,396
Actual amount charged against the General Fund Balance for pensions in the year:		
- employers contributions payable to the Pension Fund and retirement benefits payable directly to pensioners	5,256	5,744

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, the following actuarial gains/losses were included within other comprehensive income and expenditure.

	2011/12 £000	2012/13 £000
Actuarial gains / (losses)	(3,234)	(10,366)

## Liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2011/12 £000	2012/13 £000
<b>Deficit at 1 April</b>	<b>74,715</b>	<b>76,660</b>
Interest cost	3,967	3,396
Actuarial (gains) / losses	3,234	10,366
Gain (loss) on curtailments	-	-
Past service costs / (gain)	-	-
Unfunded pension payments	(5,256)	(5,744)
<b>Deficit at 31 March</b>	<b>76,660</b>	<b>84,678</b>

### Scheme History

	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m
Present value of liabilities	(71.2)	(85.5)	(74.7)	(76.7)	(84.7)
Fair value of scheme assets	-	-	-	-	-
<b>Surplus/(deficit) in the scheme</b>	<b>(71.2)</b>	<b>(85.5)</b>	<b>(74.7)</b>	<b>(76.7)</b>	<b>(84.7)</b>

The actuarial assumptions used to calculate the position in accordance with IAS19 were as follows:

	31 March 2012	31 March 2013
Rate of inflation - RPI Increases	3.30%	3.00%
Rate of inflation - CPI Increases	2.50%	2.20%
Rate of increase in salaries	4.70%	4.40%
Rate of increase in pensions	2.50%	2.20%
Discount rate	4.60%	2.70%

Mortality assumptions:

Longevity at 65 for current pensioners:

Men	(years)	18.6	18.7
Women	(years)	22.7	22.8

Longevity at 65 for future pensioners:

Men	(years)	20.6	20.7
Women	(years)	24.5	24.6

**16. Property, Plant and Equipment**  
**Movements in 2012/13**

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets included in Property, Plant & Equipment £000
<b>Cost or Valuation</b>								
At 1 April 2012	842,859	122,954	557,782	35	39,335	13,445	1,576,410	155,467
Additions	39,175	8,236	31,685	-	154	16,893	96,143	323
Donations	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,306	-	-	-	(578)	-	11,728	52
Revaluation increases/(decreases) recognised in the surplus/deficit on Provision of Services	(33,141)	-	-	-	(6,373)	33	(39,481)	(3,065)
Derecognition - disposals	(208,792)	(39,178)	(536)	-	-	-	(248,506)	(110,975)
Derecognition - other	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sales/Investment Property	(781)	-	-	-	(4,486)	-	(5,267)	-
Assets reclassified to/(from) Surplus, Land and Buildings, Infrastructure, Assets Under Construction	15,449	-	2,785	-	7,452	(25,686)	-	-
Other Movements in cost or valuation	-	-	-	-	-	-	-	-
<b>At 31 March 2013</b>	<b>667,075</b>	<b>92,012</b>	<b>591,716</b>	<b>35</b>	<b>35,504</b>	<b>4,685</b>	<b>1,391,027</b>	<b>41,802</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2012	(23,705)	(57,129)	(122,364)	(2)	(321)	-	(203,521)	(1,815)
Depreciation charge	(16,940)	(14,069)	(14,076)	(1)	(157)	-	(45,243)	(3,434)
Depreciation written out to the Revaluation Reserve	5,186	-	-	-	-	-	5,186	192
Depreciation written out to the Surplus/Deficit on Provision of Services	6,041	-	-	-	-	-	6,041	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - disposals	7,588	28,781	536	-	-	-	36,905	2,360
Derecognition - other	-	-	-	-	-	-	-	-
Change in category	626	-	-	-	(579)	-	47	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-
<b>At 31 March 2013</b>	<b>(21,204)</b>	<b>(42,417)</b>	<b>(135,904)</b>	<b>(3)</b>	<b>(1,057)</b>	<b>-</b>	<b>(200,585)</b>	<b>(2,697)</b>
<b>Net Book Value</b>								
<b>At 31 March 2013</b>	<b>645,871</b>	<b>49,595</b>	<b>455,812</b>	<b>32</b>	<b>34,447</b>	<b>4,685</b>	<b>1,190,442</b>	<b>39,105</b>
<b>At 31 March 2012</b>	<b>819,154</b>	<b>65,825</b>	<b>435,418</b>	<b>33</b>	<b>39,014</b>	<b>13,445</b>	<b>1,372,889</b>	<b>153,652</b>

## 16. Property, Plant and Equipment (continued)

### Movements in 2011/12

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets included in Property, Plant & Equipment £000
<b>Cost or Valuation</b>								
At 1 April 2011	992,236	126,061	546,752	35	38,426	32,486	1,735,996	214,717
Additions	20,602	8,073	32,128	-	154	28,674	89,631	1,611
Donations	-	35	-	-	-	-	35	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,361)	-	-	-	9,078	-	7,717	(2,481)
Revaluation increases/(decreases) recognised in the surplus/deficit on Provision of Services	(61,194)	-	-	-	(3,811)	-	(65,005)	(5,966)
Derecognition - disposals	(140,438)	(12,587)	(26,609)	-	(3,586)	(5,209)	(188,429)	(52,414)
Derecognition - other	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sales/Investment Property	(2,625)	-	-	-	(910)	-	(3,535)	-
Assets reclassified to/(from) Surplus, Land and Buildings, Infrastructure, Assets Under Construction	35,638	1,372	5,511	-	(15)	(42,506)	-	-
Other Movements in cost or valuation	1	-	-	-	(1)	-	-	-
<b>At 31 March 2012</b>	<b>842,859</b>	<b>122,954</b>	<b>557,782</b>	<b>35</b>	<b>39,335</b>	<b>13,445</b>	<b>1,576,410</b>	<b>155,467</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2011	(21,033)	(50,386)	(114,041)	(2)	(120)	-	(185,582)	(8,097)
Depreciation charge	(20,232)	(13,190)	(14,086)	-	(118)	-	(47,626)	(4,065)
Depreciation written out to the Revaluation Reserve	4,272	-	-	-	3	-	4,275	645
Depreciation written out to the Surplus/Deficit on Provision of Services	6,591	-	-	-	8	-	6,599	2,039
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - disposals	6,373	6,447	5,763	-	3	-	18,586	7,663
Derecognition - other	-	-	-	-	-	-	-	-
Change in category	-	-	-	-	-	-	-	-
Other movements in depreciation and impairment	324	-	-	-	(97)	-	227	-
<b>At 31 March 2012</b>	<b>(23,705)</b>	<b>(57,129)</b>	<b>(122,364)</b>	<b>(2)</b>	<b>(321)</b>	<b>-</b>	<b>(203,521)</b>	<b>(1,815)</b>
<b>Net Book Value</b>								
<b>At 31 March 2012</b>	<b>819,154</b>	<b>65,825</b>	<b>435,418</b>	<b>33</b>	<b>39,014</b>	<b>13,445</b>	<b>1,372,889</b>	<b>153,652</b>
<b>At 31 March 2011</b>	<b>971,203</b>	<b>75,675</b>	<b>432,711</b>	<b>33</b>	<b>38,306</b>	<b>32,486</b>	<b>1,550,414</b>	<b>206,620</b>

## 17. Heritage Assets

The Code of Practice requires a statement of five-year summary of transactions for Heritage Assets. However, it has not been possible to obtain information prior to 2010/11.

	2010/11 £000	2011/12 £000	2012/13 £000
Balance at 1 April	601	601	481
Additions	-	14	-
Revaluations	-	(134)	-
<b>Balance at 31 March</b>	<b>601</b>	<b>481</b>	<b>481</b>

Further Information on Heritage Assets

### Savile of Rufford Abbey estate records

These documents relate to estates built up by the family in the West Riding of Yorkshire from the Middle Ages to the 17th century, and subsequently, augmented by the inheritance of the former Rufford Abbey estates in Nottinghamshire in 1626 through the marriage into the Talbot family, earls of Shrewsbury. The records were removed from Rufford Abbey prior to the Second World War and subsequently catalogued by the National Register of Archives in London in the 1940s and 1950s. They were deposited in the Nottinghamshire Archives in 1958, with subsequent additional deposits added in 1960, 1974 and 1982. These were supplemented by smaller acquisitions made in 1982. The collection consists of 394 boxes of documents.

### Architectural drawings of Rufford and elsewhere by James Gibbs, 17th-18th centuries

The collection consists of 35 documents: 22 architectural drawings of Rufford Abbey, Ollerton Hall and Ollerton Church, with one drawing possibly of Osberton Hall, together with 17th and 18th century newscuttings reporting on Rufford Abbey and the Savile family, prints of Mr Henry Savile, Sir Henry Savile and Rufford landscapes.

The drawings were passed down to the present Lord Savile by descent. They were purchased at Sotheby's auction by Nottinghamshire Archives in July 2010, with the assistance of the MLA/V&A Purchase Grant Fund and the Friends of the National Libraries.

### Ceremonial Regalia and Art Collection

The ceremonial regalia and art collection includes ceremonial items, paintings (both oil and watercolour), sketches, sculptures, glass and silverware acquired over a number of years. The majority of the collection is on display at County Hall with the remainder held in secure storage.

## 18. Capital Expenditure and Financing

	Note	2011/12 £000	2012/13 £000
<b>Opening Capital Financing Requirement (CFR)</b>		<b>700,830</b>	<b>668,075</b>
<b>Capital Investment</b>			
Property, Plant and Equipment	16	88,092	95,943
Investment Properties	22	203	11
Intangible Assets	23	4,024	2,426
Heritage Assets	17	14	-
Amounts treated as revenue expenditure in accordance with the Code but which are classified as capital expenditure under statute		8,412	12,932
Additions/Reductions to PFI finance liability		(28,656)	200



	Note	2011/12 £000	2012/13 £000
<b>Sources of finance</b>			
Capital receipts	37	(16,098)	(2,818)
Government grants and other contributions		(53,194)	(46,126)
Grants held in reserves		(68)	-
Sums set aside from revenue (inc. MRP)		(30,553)	(30,265)
Repayment of PFI finance liability		(4,931)	(4,443)
<b>Closing Capital Financing Requirement (CFR)</b>		<b>668,075</b>	<b>695,935</b>
<b>Explanation of movements in year</b>			
Change in underlying need to borrow (unsupported by Government financial assistance)		(2,561)	27,860
PFI Disposals		(30,194)	-
		<b>(32,755)</b>	<b>27,860</b>

The estimated commitments for capital expenditure in future years for schemes that had started and for which a legal contract had been entered into by 31 March 2013 are:

	£000
2013/14	5,612
2014/15	1,000
2015/16	1,000
2016/17	1,000
2017/18	1,000
	<b>9,612</b>

The committed projects for 2013/14 are:

	£000
Ways of Working	3,446
Waste Management	1,259
Libraries	537
Other	370
	<b>5,612</b>

## 19. Valuation of Property, Plant and Equipment

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 five years. All valuations have been carried out internally. Valuations of land and buildings have been carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, plant, furniture and equipment are carried at depreciated historic cost as a proxy for fair value where useful lives are of short duration and values are immaterial.

Land and Buildings	Included at Open Market Value in existing use, or, where this cannot be assessed because there is no market for the subject asset, the Depreciated Replacement Cost.
Fixed Plant and Machinery	Included in the valuation of the buildings.
Furniture & Fittings	Included at depreciated historic cost, plus the depreciated value of items as at 31 March 2004 which are still in operational use.
Vehicles, Plant and Equipment	Included at depreciated historic cost as a proxy for fair value.
Surplus Assets	Included at Open Market Value in existing use, or, where this cannot be assessed because there is no market for the subject asset, the Depreciated Replacement Cost.

Assets under construction	Included at cost.
Community Assets	Included at depreciated historic cost.
Heritage Assets	Included at Open Market Value, or, under certain conditions, at historic cost, depreciated where appropriate.
Infrastructure Assets	Included at depreciated historic cost.

### Valuation of Property, Plant and Equipment carried at current value

The following statement shows the progress of the Council's rolling programme for the revaluation of Property, Plant and Equipment. The basis for valuation is set out in the Statement of Accounting Policies.

	Land & Bldgs £000	Surplus Assets £000	Other PPE Assets £000	Total £000
Valued at historic cost	-	-	510,124	510,124
Valued at current value in				
2012/13	226,448	16,080	-	242,528
2011/12	139,939	1,936	-	141,875
2010/11	44,492	536	-	45,028
2009/10	185,063	6,582	-	191,645
2008/9	49,929	9,313	-	59,242
<b>Total</b>	<b>645,871</b>	<b>34,447</b>	<b>510,124</b>	<b>1,190,442</b>

### Impairment review

In accordance with the requirements of the Code the Authority undertakes a review each year to identify if any assets may have been subject to an impairment in value. Where a potential impairment is identified the asset is revalued and hence all decreases in value are treated as revaluation losses.

## 20. Non-Maintained Schools

The Council assesses the accounting treatment of all schools based upon the requirements of IFRS. This has led to Academy, Foundation and Voluntary Aided schools being treated as off balance sheet and therefore the land and buildings relating to these schools have not been included in the Council's Balance Sheet. The value of land and buildings transferred to schools in 2012/13 was £202.4 million (2011/12 £109.9 million). Transfers to schools are treated as disposals with nil sales proceeds.

At the end of the year the number of schools treated as off balance sheet was as follows:

	2012/13 No.
Academy schools	51
Foundation schools	2
Voluntary Aided schools	37
	<b>90</b>

## 21. Assets Held for Sale

	Current		Non-Current	
	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000
<b>Balance at start of year</b>	6,298	3,551	-	-
Assets newly qualified as Held for Sale:				
Property, Plant & Equipment	3,307	5,220	-	-
Revaluation losses	(2,031)	(1,908)	-	-
Revaluation gains	100	-	-	-
Assets sold	(4,123)	(1,201)	-	-
<b>Balance at end of year</b>	<b>3,551</b>	<b>5,662</b>	-	-

There are no non-current assets held for sale.

## 22. 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
Rental income from Investment Property	(446)	(510)
Direct operating expenses arising from Investment Property	112	146
<b>Net (income)/expenditure</b>	<b>(334)</b>	<b>(364)</b>

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

Investment Properties have been valued as at the Balance Sheet date by the Council's Estate Specialist - Property, I Brearley MRICS who holds a relevant professional qualification and has recent experience. The following table summarises the movement in the fair value of Investment Properties over the year.

	2011/12 £000	2012/13 £000
<b>Balance at start of year</b>	<b>25,310</b>	<b>17,614</b>
Additions:		
Subsequent expenditure	203	11
Disposals	(328)	(511)
Net gains/(losses) from fair value adjustments	(7,571)	(867)
<b>Balance at end of year</b>	<b>17,614</b>	<b>16,247</b>

## 23. Intangible Assets

The Authority accounts for its software as Intangible Assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessment of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are from 3-5 years.

Intangible Assets are held at depreciated historic cost as a proxy for fair value where useful lives are low and/or values are immaterial.

The carrying amount of Intangible Assets is amortised on a straight-line basis. The amortisation of £2.11 million charged to revenue in 2012/13 (£1.40 million in 2011/12) was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings 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 Purchased Software Licences £000	2012/13 Purchased Software Licences £000
<b>Balance at start of year:</b>		
Gross carrying amounts	9,233	13,257
Accumulated amortisation	(3,091)	(4,493)
<b>Net carrying amount at start of year:</b>	<b>6,142</b>	<b>8,764</b>
Purchases	4,024	2,426
Disposals	-	-
Amortisation for the period	(1,402)	(2,114)
<b>Net carrying amount at end of year</b>	<b>8,764</b>	<b>9,076</b>
Comprising:		
Gross carrying amounts	13,257	12,771
Accumulated amortisation	(4,493)	(3,695)
	<b>8,764</b>	<b>9,076</b>

Fully amortised assets of £2.91 million were disposed of in the year.

## 24. Financial Instruments Balance

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of Financial Instruments:

	Long-term		Current	
	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000
Financial liabilities at amortised cost	411,050	436,033	134,227	120,644
Financial liabilities at fair value through profit and loss	-	-	-	-
<b>Total borrowings</b>	<b>411,050</b>	<b>436,033</b>	<b>134,227</b>	<b>120,644</b>
Loans and receivables	2,570	4,862	73,784	69,260
Available for sale financial assets	-	-	-	-
Unquoted equity investment at cost	-	-	-	-
<b>Total investments</b>	<b>2,570</b>	<b>4,862</b>	<b>73,784</b>	<b>69,260</b>

The Council does not hold any financial liabilities at fair value through profit and loss or available-for-sale financial assets. There have been no reclassifications of financial assets during the accounting period.

The Council's borrowings include finance leases associated with PFI schemes and borrowings with the Public Works Loans Board (PWLB) and with UK and European banks through 'Lender's Option, Borrowers' Option' loans (LOBOs). These are both classed as 'other liabilities' and measured at amortised cost.

## Financial liabilities at amortised cost

### Long-term

	2011/12 £000	2012/13 £000
(a) Long Term Borrowing		
Amounts still owed on loans received from external sources to acquire capital assets such as roads, buildings & equipment.		
Long Term Borrowing for repayment after 1 year	279,840	309,040
(b) Finance Lease Liability		
Amounts still owed on finance leases taken with external sources to acquire capital assets for PFI Schemes and long term finance leases for repayment after 1 year	131,210	126,993
<b>Total Long Term Borrowing at 31 March</b>	<b><u>411,050</u></b>	<b><u>436,033</u></b>

### Current

	2011/12 £000	2012/13 £000
(c) Borrowing		
Long term borrowing for repayment within 1 year	14,264	16,191
Finance leases related to PFI schemes for repayment within 1 year	4,880	4,854
<b>Total Borrowing at 31 March</b>	<b><u>19,144</u></b>	<b><u>21,045</u></b>

	2011/12 £000	2012/13 £000
(d) Trade Creditors	115,083	99,599

## Financial Assets - Loans & Receivables

### Long-term

	2011/12 £000	2012/13 £000
(a) Long-term Investments		
Long term investments with other local authorities and financial institutions	-	2,005

	2011/12 £000	2012/13 £000
(b) Long-term Advances		
Nottingham Rugby Club	14	8
Car and Bike Loans	384	384
Nottinghamshire Cricket Club	1,084	1,059
Adult Care Property Debt - Deferred Payment Scheme	1,079	1,069
Academies	-	337
Private Street Works	9	-
	<b><u>2,570</u></b>	<b><u>2,857</u></b>

### Car and Bike Loans

The Authority has made loans for car and bike purchases to 102 employees (88 car loans) in the Authority who are in posts that require them to drive regularly on the Authority's business. These loans are not subsidised.

Car and Bike Loans Breakdown:

	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>
Opening balance	594	384
Advances	135	147
Repayments	<u>(345)</u>	<u>(147)</u>
Closing Balance	<u><b>384</b></u>	<u><b>384</b></u>

	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>
Car Loans Breakdown:		
One year or less	169	191
More than one year	<u>215</u>	<u>193</u>
	<u><b>384</b></u>	<u><b>384</b></u>

On 19 September 2007 the Council approved a loan of £1.23 million for 20 years to Nottinghamshire Cricket Club to help fund the £8.2 million development plans for the Trent Bridge ground. In addition to enhancing the reputation of the Cricket Club and helping it to retain Trent Bridge as a test match venue there are benefits to the economy and wider community benefits. Consequently, the loan was offered at a discounted rate with a capital repayment holiday for the first 5 years. Security has been set by way of a charge against the fixed assets of the Club to safeguard the interests of the Council. Since the loan was offered at less than the prevailing rate the figure in the Balance Sheet represents the fair value of the loan carried at its amortised cost. The balancing figure appears in the Financial Instruments Adjustment Account.

On 21 May 2010 Nottinghamshire County Council and Nottingham City Council jointly lent Nottingham Rugby Club £50,000 repayable over 4 years to fund working capital needs. Interest is payable on the loan at the annual rate of 1% over the PWLB rate.

The Authority operates an internal school loans scheme to enable schools to purchase assets such as IT equipment, minibuses, photocopiers or contribute towards capital schemes. Typically these amounts are repaid over a three year period. Upon transfer of schools to Academy status any outstanding loan amount will be reclassified as a loan to an external body and shown as a loan in the Authority's Balance Sheet. Of the total outstanding at 31 March 2013 £0.31 million will be repaid in 2013/14.

Adult Care Property Debt under the deferred payment scheme (as per section 55 of the Health and Social Care Act, 2001) consists of loans to those with insufficient income and capital, excluding their property, to meet their care home fees. Repayment of such loans is deferred until the residents die or their property is sold.

**Current**

	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>
(c) Temporary investments		
Temporary investments with other local authorities and financial institutions	<u>20,031</u>	<u>20,237</u>

The Council manages its cash in line with its approved Treasury Management Policy and in accordance with prevailing statutory requirements. The amount invested at the year end depends on the cash flow position at that date.

	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>
Short-term Trade Debtors		
(d) Trade Debtors (less bad debt provision)	<u>53,753</u>	<u>49,023</u>

## Financial Assets - unquoted equity investment at cost

Economic Development: There are equity holdings amounting to £0.26 million (£0.26 million in 2011/12) that have been written off to the Comprehensive Income and Expenditure Account to reflect the high risk of the investment. Consequently, their fair value has been assessed as nil in the Balance Sheet.

The Council holds a share in the local authority controlled CLASP Consortium (14%) and SCAPE System Building Ltd (17%). The CLASP Consortium was originally set up by a number of local authorities in 1957/58 for the design and delivery of a build system known as CLASP especially for school buildings but its role now is the provision of buildings design services for local authorities. Some members of the consortium are share holders in SCAPE, a limited company set up in 2006/07 to continue with the provision of build design and property consultancy services. The CLASP Consortium no longer undertakes any economic activities following the creation of SCAPE. The Council is a founder member of the consortium and holds shares in SCAPE Ltd. The Council does not receive any dividends from its holdings. The value of this holding is small and there are conditions on the shares that prevent them being traded on the open market. Consequently, since the fair value cannot be measured reliably, no value is carried on the Balance Sheet.

## Interests in Companies

The Council has a 50% interest in Nottingham and Nottinghamshire Futures Limited (formerly Connexions Nottinghamshire Limited). The Company transferred into local authority control from the Learning and Skills Council at 1 April 2008 at no cost and consequently, this is reflected at an immaterial investment cost in the Council's accounts.

## 25. Financial Instruments Gains/Losses

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

	2011/12			2012/13		
	Financial Liabilities £000	Financial Assets £000	Total £000	Financial Liabilities £000	Financial Assets £000	Total £000
Interest expense	(33,526)	-	(33,526)	(31,283)	-	(31,283)
Losses on derecognition	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
<b>Interest payable and similar charges</b>	<b>(33,526)</b>	<b>-</b>	<b>(33,526)</b>	<b>(31,283)</b>	<b>-</b>	<b>(31,283)</b>
Interest income	-	384	384	-	561	561
Gains on derecognition	-	-	-	-	-	-
<b>Interest and investment income</b>	<b>-</b>	<b>384</b>	<b>384</b>	<b>-</b>	<b>561</b>	<b>561</b>

The average cost of external borrowing was 5.46% (5.74% in 2011/12).

The interest expense figure includes the cost of administration fees. For most of the transactions entered into by the Council the transaction costs are negligible. For example, the PWLB charges an administration fee when advancing new loans at the current rate of 35p per £1,000 and LOBO loans taken out through brokers have incurred fees of £24,000 on borrowings of £10 million. Administration fees below 0.5% of the amount borrowed are considered not material and are charged directly to the Comprehensive Income and Expenditure Account.

Following comprehensive local government re-organisation in 1974, the Council took over assets from other local authorities on which there were repayments of advances still outstanding. These debts are administered by the other authorities and the amounts recharged to the County Council are included in the above figures.

The balance outstanding on these deferred liabilities is as follows:

	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>
Loan taken over from District Councils when the responsibility for services was transferred to the County Council on local government reorganisation in 1974.	1,950	1,660

## 26. Fair Value of Assets and Liabilities carried at amortised cost

Financial liabilities and financial assets represented by loans and receivables 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:

- no early repayment or impairment is recognised
- 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 invoiced or billed amount.

For long term borrowings and investments, fair values have been calculated by reference to relevant interest rates in force as at 31 March 2012 and 2013 as follows:

- for PWLB loans, the relevant PWLB rate in force
- for LOBO loans, the PWLB rate applicable to new loans in excess of 50 years
- for long term investments, the market rate for a loan of similar value and profile
- for finance leases, the PWLB rate for an annuity commencing on 31 March of equal length to the remaining scheduled length
- for loans and receivables, the PWLB rate for an annuity commencing on 31 March of length equal to the remaining scheduled length of the relevant instrument, plus 1% to recognise risk on loans and receivables.

	<b>2011/12</b>		<b>2012/13</b>	
	<b>Carrying Amount £000</b>	<b>Fair Value £000</b>	<b>Carrying Amount £000</b>	<b>Fair Value £000</b>
Financial liabilities	545,277	706,026	556,677	728,181

The fair value is greater than the carrying amount because the Authority's portfolio of loans and finance leases includes a number of fixed rate loans and leases where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the Authority would have to pay if the lender agreed to early repayment of the loans.

	<b>2011/12</b>		<b>2012/13</b>	
	<b>Carrying Amount £000</b>	<b>Fair Value £000</b>	<b>Carrying Amount £000</b>	<b>Fair Value £000</b>
Loans and receivables	76,354	76,453	74,122	74,297



The fair value is different from the carrying amount because the Authority's portfolio of investments included a number of fixed rate loans where the interest rate receivable was different from the rates available for similar loans at the Balance Sheet date. Where the agreed interest is above current market rates, the Authority would have to accept higher repayment if it negotiated early repayment of the loans; where the interest rate is lower then a lower repayment.

## 27. Disclosure of nature and extent of risks arising from financial instruments

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

- credit risk – the risk of failure by a counterparty to meet its contractual obligations under an investment, borrowing, capital, project or partnership financing
- liquidity risk – the risk that cash will not be available when it is needed, thereby causing additional unbudgeted costs with consequent impact on the Authority's business/service objectives.
- market risk – the risk that, through adverse market fluctuations in the value of the principal sums the Authority borrows and invests, its stated treasury management policies are compromised.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. In 2002, the Council adopted the CIPFA Code of Practice on Treasury Management. In accordance with this Code of Practice, the Council sets an annual Treasury Management Strategy, by March each year. This contains a number of measures to control the key financial instrument risks above including:

- treasury management practices
- prudential indicators for borrowing and investment
- approved counterparties for lending purposes.

The Council also receives regular reports measuring the performance of the treasury management function. A copy of the Council's Treasury Management Policy and Strategy is available upon request.

### Credit Risk

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

	Amounts at 31/3/13 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31/3/13 %	Estimated maximum exposure to default and uncollecta- bility £000
Deposits with banks and financial institutions	20,237	-	-	-
Customers	25,531	0.12%	0.12%	31

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

Customers are assessed, taking into account their financial position, past experience and other factors. The Council's policy is to set aside a provision for bad debt in order to minimise the effect of default. At the end of 2012/13 the provision for bad and doubtful debt was £5.1 million (£4.1 million in 2011/12).

The Authority does not generally allow credit for customers, such that £8.1 million (£8.1 million in 2011/12) of the £25.5 million (£27.4 million in 2011/12) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	<b>£000</b>
Less than three months	2,947
Three to six months	981
Six months to one year	1,135
More than one year	3,039
	<b><u>8,102</u></b>

### Liquidity risk

As the Authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that a significant proportion of borrowings will mature at a time of unfavourable interest rates. Current borrowings are spread over 56 years with a maximum of any one year's maturity around 9.4% of the total. However, since the Authority's future borrowing requirement is fairly sizeable in relation to current debt, the prudential indicator for debt maturity has been set with an upper limit of 25% in any one year. The strategy for new loans is to borrow each year close to the lowest rate available and, where economic circumstances make it favourable, early repayment of fixed rate loans will be considered.

In addition, the Authority has a number of finance lease liabilities that relate to PFI and other schemes.

The maturity analysis of financial liabilities is as follows:

	<b>2011/12</b>		<b>2012/13</b>	
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Maturity date				
Within 1 year	19,144	4.4	21,045	4.6
1 year and up to 2 years	17,004	4.0	25,401	5.5
2 years and up to 5 years	37,864	8.8	41,991	9.2
5 years and up to 10 years	76,932	17.9	88,204	19.3
10 years and up to 15 years	87,289	20.3	82,365	18.0
15 years and up to 20 years	67,814	15.8	83,078	18.2
20 years and up to 25 years	23,275	5.4	14,123	3.1
25 years and over	100,872	23.4	100,871	22.1
	<b><u>430,194</u></b>	<b>100.0</b>	<b><u>457,078</u></b>	<b>100.0</b>

	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>
<b>Source of Borrowing</b>		
Public Works Loan Board	192,846	213,972
External Bonds and Loans	101,258	111,259
Finance Leases related to PFI and other schemes	136,090	131,847
	<b><u>430,194</u></b>	<b><u>457,078</u></b>

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

### Market risk

#### Interest rate risk

The Authority is exposed to risk in terms of interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the borrowings will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest receivable on variable rate investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance £ for £. Movements in the fair value of fixed rate investments will be reflected in other comprehensive income and expenditure.

The Authority has a number of strategies for managing interest rate risk. The policy for borrowing rates is to achieve a managed decline in the average rate and borrow each year close to the lowest rate available. During periods of falling interest rates, and where economic circumstances make it favourable, early repayment of fixed rate loans will be considered to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs. The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget. The strategy is used to advise investment and borrowing decisions and also whether new borrowing taken out should be fixed or variable. This allows any adverse changes to be accommodated.

The Authority has no variable rate borrowings and minimal variable rate investments. A 1% change in interest rates would therefore have no material impact on the Comprehensive Income and Expenditure Statement. If interest rates had been 1% higher at 31 March 2013, with all other variables held constant, the fair value of fixed rate borrowings would be lower but with no impact on the Comprehensive Income and Expenditure Statement.

#### Price risk

The Authority does not hold any equity shares that can be measured and consequently is not exposed to losses from movements in the prices of shares.

#### Foreign exchange risk

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

## 28. Inventories

	Raw Materials		Work In Progress		Finished Goods		Total	
	2012	2013	2012	2013	2012	2013	2012	2013
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Opening</b>	<b>1,823</b>	<b>2,006</b>	<b>874</b>	<b>26</b>	<b>703</b>	<b>761</b>	<b>3,400</b>	<b>2,793</b>
Purchases	3,681	8,671	3,099	1,580	9,662	10,691	16,442	20,942
Expensed	(3,454)	(9,125)	(3,097)	(1,606)	(9,612)	(10,224)	(16,163)	(20,955)
Written off	(44)	(37)	-	-	8	4	(36)	(33)
Reversals	-	-	(850)	-	-	-	(850)	-
<b>Closing</b>	<b>2,006</b>	<b>1,515</b>	<b>26</b>	<b>-</b>	<b>761</b>	<b>1,232</b>	<b>2,793</b>	<b>2,747</b>

## 29. Debtors and Long Term Debtors

	2011/12 £000	2012/13 £000
<b>Debtors less than one year</b>		
Central government bodies	5,630	13,355
Other local authorities	22,866	20,802
NHS bodies	1,815	5,225
Public corporations and trading funds	10	66
Other entities and individuals	41,985	34,586
	<u>72,306</u>	<u>74,034</u>
Less Bad Debt Provision	(4,134)	(5,106)
<b>Total</b>	<u><u>68,172</u></u>	<u><u>68,928</u></u>
<b>Long Term Debtors</b>		
	2011/12 £000	2012/13 £000
Adult Care Property Debt	2,618	2,210
Other	54	52
<b>Total</b>	<u><u>2,672</u></u>	<u><u>2,262</u></u>
<b>Analysis of Bad Debt Provision</b>		
	2011/12 £000	2012/13 £000
Opening Bad Debt provision	3,400	4,134
Amounts paid	(2,219)	(1,293)
Amounts written off	(290)	(330)
Provisions adjustment	3,243	2,595
<b>Closing Bad Debt Provision</b>	<u><u>4,134</u></u>	<u><u>5,106</u></u>

## 30. Creditors

	2011/12 £000	2012/13 £000
Central government bodies	28,681	13,613
Other local authorities	13,116	10,387
NHS bodies	15,778	6,371
Public corporations and trading funds	85	73
Other entities and individuals	76,674	86,322
<b>Total</b>	<u><u>134,334</u></u>	<u><u>116,766</u></u>

## 31. Cash and Cash Equivalents

The Authority monitors cash balances on a daily basis to make maximum use of the funds available and invests any surplus cash identified. The bank account balance at 31 March will consist of an overdraft with the Authority's main bank, amounts held in call accounts or money market funds and school deposits either with the Authority's main bank or held with other banks.

The analysis of cash and cash equivalents is as follows:

	2011/12		2012/13	
	£000	£000	£000	£000
Amounts held in call accounts and money market funds		18,470		19,559
Main overdraft		(48,879)		(46,625)
School bank accounts:				
Main Council accounts	46,400		34,871	
Other bank accounts	13,327	59,727	6,596	41,467
		<u>29,318</u>		<u>14,401</u>

### 32. Landfill Allowances Trading Scheme

Since 2005/06 the Authority has received an annual landfill tonnage allowance which is the maximum amount of waste which should be disposed of by landfill. This target reduces each year. From 2010 any landfill in excess of the cumulative targets requires the Authority to pay a penalty to the Government of £150 per tonne. For 2012/13 this allowance was 120,960 tonnes (139,805 in 2011/12) of which 102,506 (102,000 in 2011/12) were utilised. The Authority is allowed to trade its allowances with other Authorities. The market value of these for 2012/13 was £0.00 per tonne (£0.00 in 2011/12). There were no entries made to the Comprehensive Income and Expenditure Statement in either year, nor any balances outstanding at the end of either year.

The scheme runs until the end of 2012/13 with conclusion of trades on 30th September 2013.

### 33. Leases

#### Authority as Lessee

##### Finance Leases

The Council leases one property under a lease classed as a finance lease, which is used as a highways depot. The assets acquired under this lease are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	2011/12	2012/13
	£000	£000
Other Land and Buildings	2,870	3,550
	<u>2,870</u>	<u>3,550</u>

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

	2011/12	2012/13
	£000	£000
Finance lease liabilities (net present value of minimum lease payments):		
- current	-	-
- non-current	879	879
Finance costs payable in future years	4,001	3,961
<b>Minimum lease payments</b>	<u>4,880</u>	<u>4,840</u>

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	2011/12	2012/13	2011/12	2012/13
	£000	£000	£000	£000
Not later than one year	40	40	-	-
Later than one year and not later than five years	200	200	1	1
Later than five years	4,640	4,600	878	878
	<b>4,880</b>	<b>4,840</b>	<b>879</b>	<b>879</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2012/13 £0 of contingent rents were payable by the Authority (£0 in 2011/12).

### Operating Leases

The Council leases a wide variety of properties for use in the provision of services including libraries, offices, industrial units and youth centres.

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

	2011/12	2012/13
	£000	£000
Not later than one year	1,329	1,203
Later than one year and not later than five years	2,420	2,257
Later than five years	1,374	3,108
	<b>5,123</b>	<b>6,568</b>

The expenditure charged in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2011/12	2012/13
	£000	£000
Minimum lease payments	1,787	1,780
Contingent rents	60	78
Sublease payments receivable	-	-
	<b>1,847</b>	<b>1,858</b>

### Authority as Lessor

#### Finance Leases

The Council leases out one property for use as a Community Centre at a peppercorn rental. The property is valued at £0 (£0 in 2011/12) and there are no balances in the accounts in relation to the lease. The Council leases school land and buildings to Academy schools for 125 year terms on peppercorn rentals. The assets are removed from the Council's balance sheet upon transfer to Academy status. Details of the number of the number of Academies and asset values are shown in note 20.

### Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:

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

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

	2011/12	2012/13
	£000	£000
Not later than one year	1,007	857
Later than one year and not later than five years	857	1,294
Later than five years	1,560	2,017
	<b>3,424</b>	<b>4,168</b>

The minimum lease payments receivable do not include rents that are contingent on events taking

place after the lease was entered into, such as adjustments following rent reviews. In 2012/13 £0.2 million contingent rents were receivable by the Authority (2011/12 £0.2 million).

### 34. Private Finance Initiative (PFI)

#### East Leake Schools

The Council has a contract with East Leake Schools Limited for the provision of secondary and primary schools and a community leisure facility in East Leake. Service commenced during 2003/04 and the contract finishes on 31 July 2027 when the buildings transfer back to the Council.

The Council retained the freehold of the land which is valued and included in the Balance Sheet as other land and buildings where the school is under local authority control.

The assets used to provide the schools services are recognised on the Council's Balance Sheet where the school is under local authority control. During 2012/13 one school within the scheme converted to Academy status and the associated assets derecognised. Movements in their value over the year are detailed in the analysis of the movement in Property, Plant and Equipment balance.

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2013 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	<b>Service £000</b>	<b>Lifecycle £000</b>	<b>Finance £000</b>	<b>Interest £000</b>	<b>Contingent £000</b>	<b>Total £000</b>
Payable within 1 year	545	240	373	1,116	271	<b>2,545</b>
Within 2-5 years	2,234	919	1,969	4,040	1,273	<b>10,435</b>
Within 6-10 years	2,922	1,431	3,619	3,713	1,957	<b>13,642</b>
Within 11-15 years	2,653	1,079	5,056	1,459	2,141	<b>12,388</b>
	<b>8,354</b>	<b>3,669</b>	<b>11,017</b>	<b>10,328</b>	<b>5,642</b>	<b>39,010</b>

#### Bassetlaw Schools

The Council has a contract with Transform Schools (Bassetlaw) Ltd for the provision of five secondary schools, two post-16 centres, one special school and two community leisure centres. These became fully operational during 2007/08 and the contract finishes on 31 July 2032 when the buildings transfer back to the Council.

An agreement has been entered into between Nottinghamshire County Council and Bassetlaw District Council with regards to the two leisure facilities which form part of the PFI Scheme. A lease has been granted to Bassetlaw District Council for a term of 60 years secured on both the leisure facilities. Consequently these facilities are not included as assets on the Council's Balance Sheet.

The Council retained the freehold of the land which is valued and included in the Balance Sheet as other land and buildings where the school is under local authority control.

The assets used to provide the schools services are recognised on the Council's Balance Sheet where the school is under local authority control. During 2012/13 a number of schools within the scheme converted to Academy status and the associated assets derecognised. Movements in their value over the year are detailed in analysis of the movement in Property, Plant and Equipment balance.

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2013 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	<b>Service £000</b>	<b>Lifecycle £000</b>	<b>Finance £000</b>	<b>Interest £000</b>	<b>Contingent £000</b>	<b>Total £000</b>
Payable within 1 year	5,273	537	2,574	9,733	380	<b>18,497</b>
Within 2-5 years	22,647	4,697	11,057	36,343	1,137	<b>75,881</b>
Within 6-10 years	32,182	6,738	20,281	38,495	1,781	<b>99,477</b>
Within 11-15 years	37,136	11,628	28,846	27,270	367	<b>105,247</b>
Within 16-20 years	37,309	11,540	38,819	10,499	239	<b>98,406</b>
	<b>134,547</b>	<b>35,140</b>	<b>101,577</b>	<b>122,340</b>	<b>3,904</b>	<b>397,508</b>

## Waste Recycling

The Authority has received Government support for a Nottinghamshire Waste PFI scheme which involves the commissioning of Materials Recycling Facilities and an Energy Recovery Facility. A PFI credit of £38.3 million has been allocated. The contract was signed on 26 June 2006 with Veolia Environmental Services and the contract ends on 31 March 2033 when the assets transfer to the Council. The first main new facility, the Materials Recycling Facility (MRF), became operational in January 2009. The MRF site is subject to a 50 year rental agreement with the Council, which is then recharged to Veolia Environmental Services at the same rates.

The Council retained the freehold of the land which is valued and included in the Balance Sheet.

The assets used to provide the services are recognised on the Council's Balance Sheet. Movements in their value over the year are included in the analysis of the movement in Property, Plant and Equipment balance.

The Authority makes an agreed payment per tonne of waste which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2013 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	<b>Service £000</b>	<b>Lifecycle £000</b>	<b>Finance £000</b>	<b>Interest £000</b>	<b>Contingent £000</b>	<b>Total £000</b>
Payable within 1 year	16,679	643	1,908	2,330	1,284	<b>22,844</b>
Within 2-5 years	70,957	5,739	1,410	11,604	5,963	<b>95,673</b>
Within 6-10 years	98,093	10,208	6,844	16,408	10,021	<b>141,574</b>
Within 11-15 years	110,721	3,701	4,713	14,288	16,913	<b>150,336</b>
Within 16-20 years	125,263	1,275	3,498	7,017	23,456	<b>160,509</b>
	<b>421,713</b>	<b>21,566</b>	<b>18,373</b>	<b>51,647</b>	<b>57,637</b>	<b>570,936</b>

## 35. Single Status Provision and Reserve

Single Status arises from a national agreement between the employers and the trade unions which requires all local authorities to harmonise the conditions of employment of Local Government Services employees. These conditions were previously agreed by two separate negotiating bodies and there were significant differences between the two sets of conditions. Implementation of the Council's proposals on the final stage of harmonisation of a new pay and grading structure began in April 2008. This process began with non-school based staff and was rolled out across the Authority in 2008/09. As part of the package being implemented any upgradings had an effective date of 1 April 2002.

Single Status costs of £0.3 million (£0.4 million in 2011/12) were incurred in 2012/13 and accounted for in Non Distributed Costs. As at 31 March 2013 a total of £34.1 million had been paid out as a consequence of back dating upgradings to 1 April 2002. The total number of employees included in the first phase of the Single Status programme was over 28,000 (including former employees) and as at 31 March 2013 these payments had been completed with the exception of equal pay claims.

The next phase of the programme is to review non-teaching posts in schools and is nearing completion with only a few outstanding issues to be resolved. The total number of posts included in this category is over 8000. During 2012/13 £3.9 million (£4.1 million in 2011/12) of the provision has been used for agreed payments.



In accordance with the Code and the difficulty in establishing the costs of the final settlements the balance of the provision has been re-classified as a reserve.

Since 2002/03, the Council has been setting aside resources to fund Single Status costs. The accumulated balance has been analysed between:

- The estimated settlement costs of outstanding Single Status payments to employees, which forms the Single Status Provision
- The sum held to cover potential future costs, which is shown as an earmarked reserve.

The balance on the Single Status Provision is as follows:

	2011/12 £000	2012/13 £000
Balance Brought Forward	12,000	7,939
Additional Contributions	-	-
Payments made during the year	(4,061)	(3,945)
Reversal of Provision	-	(3,994)
<b>Balance Carried Forward</b>	<b>7,939</b>	<b>-</b>

The balance on the Single Status (Corporate Pay Review) Reserve is as follows:

	2011/12 £000	2012/13 £000
Balance brought forward	2,059	2,059
Transfers from the reserve	-	(309)
Transfers to the reserve	-	4,994
<b>Balance carried forward</b>	<b>2,059</b>	<b>6,744</b>

## 36. General Provisions

Where events have happened which are likely to result in costs to the Authority, an estimate of the likely impact is made and a provision is set aside. The provisions made are set out below:

<b>Short Term Provisions</b>	2011/12 £000	Movement £000	2012/13 £000
General Insurance Claims prior to 1/4/98	296	128	424
General Insurance Claims from 1/4/98	1,023	(205)	818
Carbon Reduction Commitment (CRC) Scheme	-	824	824
Single Status Back Pay Provision	7,939	(7,939)	-
Corporate Redundancy Provision	5,190	(3,902)	1,288
Provisions below £200,000	16	52	68
<b>Total</b>	<b>14,464</b>	<b>(11,042)</b>	<b>3,422</b>

<b>Long Term Provisions</b>	2011/12 £000	Movement £000	2012/13 £000
General Insurance Claims prior to 1/4/98	2,665	1,147	3,812
General Insurance Claims from 1/4/98	9,210	(1,847)	7,363
<b>Total</b>	<b>11,875</b>	<b>(700)</b>	<b>11,175</b>

### 37. Capital Receipts and Grants Unapplied

The Capital Receipts Reserve holds the usable part of the capital receipts from the sale of assets. The Council has approved the use of capital receipts for the financing of capital expenditure or the repayment of prior year borrowings.

	2011/12 £000	2012/13 £000
<b>Balance at 1 April</b>	-	-
Receivable	(16,098)	(2,818)
Applied	16,098	2,818
<b>Balance at 31 March</b>	<u>-</u>	<u>-</u>

The Capital Grants Unapplied Reserve holds grants receivable from Government and other contributions that have not been applied for the financing of capital expenditure.

	2011/12 £000	2012/13 £000
<b>Balance at 1 April</b>	3,518	6,422
Capital grants credited to the CI&E	53,844	41,189
Application of grants to capital financing transferred to the CAA	(50,941)	(40,033)
Transfer from other reserve	1	-
<b>Balance at 31 March</b>	<u>6,422</u>	<u>7,578</u>

### 38. Other Operating Expenditure

Other operating expenditure includes the following amounts:

	2011/12 £000	2012/13 £000
Change in fair value of assets held for sale	1,931	1,908
Other operating income and expenditure	1,713	347
Gains/losses on the disposal of non-current assets	128,004	210,496
<b>Total</b>	<u>131,648</u>	<u>212,751</u>

### 39. Financing and Investment Income and Expenditure

Financing and investment income and expenditure includes the following amounts:

	2011/12 £000	2012/13 £000
Interest payable and similar charges	33,526	31,283
Pensions interest cost and expected return on pensions assets	17,729	26,466
Interest receivable and similar income	(384)	(561)
Income and expenditure in relation to investment properties and changes in their fair value	7,237	503
Net (surplus)/deficit of trading undertakings	609	1,682
Insurance revenue	3,068	(2,790)
<b>Total</b>	<u>61,785</u>	<u>56,583</u>

## 40. Movement on Earmarked Reserves

	Transfers		Transfers		Transfers		Transfers	
	2010/11	Out	In	2011/12	Out	In	2012/13	
	£000	£000	£000	£000	£000	£000	£000	£000
General Fund Balance	28,124	-	1,564	29,688	-	12,430	42,118	
Schools Statutory Reserves	31,764	-	7,387	39,151	(6,178)	-	32,973	
General Insurance Reserve	20,639	(13,068)	-	7,571	-	2,790	10,361	
<b>Trading Organisations</b>	<b>2,885</b>	<b>(1,156)</b>	<b>1,432</b>	<b>3,161</b>	<b>(1,509)</b>	<b>1,874</b>	<b>3,526</b>	
Earmarked for Services	30,436	(4,589)	5,335	31,182	(9,022)	16,520	38,680	
Earmarked Reserves	39	(39)	1,689	1,689	(1,689)	4,992	4,992	
Capital Projects Reserve	4,294	(549)	23,891	27,636	(6,391)	8,882	30,127	
East Leake PFI Schools	2,776	-	338	3,114	(317)	186	2,983	
Bassetlaw PFI Schools	2,759	(1,519)	50	1,290	(457)	29	862	
Waste PFI Reserve	22,736	-	4,003	26,739	-	1,597	28,336	
Tram (NET Line 1)	4,016	(7,993)	3,977	-	-	-	-	
Net Phase 2 Reserve	1,770	(1,770)	-	-	-	-	-	
Corporate Pay Review Reserve	2,059	-	-	2,059	(309)	4,994	6,744	
The Improvement Programme	8,556	-	9,441	17,997	(6,547)	-	11,450	
Corporate Redundancy Reserve	3,119	-	-	3,119	-	2,799	5,918	
Performance Reward Grant	1,062	(1,062)	-	-	-	-	-	
Lifecycle Maintenance	3,705	-	-	3,705	-	500	4,205	
<b>Total Other Earmarked Reserves</b>	<b>90,212</b>	<b>(18,677)</b>	<b>50,156</b>	<b>121,691</b>	<b>(26,241)</b>	<b>42,373</b>	<b>137,823</b>	
<b>Total Earmarked Reserves</b>	<b>170,739</b>	<b>(31,745)</b>	<b>59,107</b>	<b>198,101</b>	<b>(32,419)</b>	<b>57,593</b>	<b>223,275</b>	

**General Fund Balance** comprises reserves available for use by the Council as a contingency.

**Schools Statutory Reserve** - See note 42

**General Insurance Reserve** - See note 41

**Trading Organisations** reserves comprise accumulated revenue surpluses plus or minus any transfer between those reserves and the General Fund.

**Earmarked for Services** are amounts set aside to cover expected events where the accounting criteria for the creation of provisions are not met.

**Earmarked Reserves** carry forward unspent budget earmarked for use in the following financial year. They are approved to be spent in the following financial year.

**Capital Projects Reserve** comprises contributions from revenue towards future capital schemes.

**Bassetlaw, East Leake and Waste PFI Reserves** are surplus funding amounts set aside during the early years of the PFI contracts. These contributions from central Government and the Council will be required in later years to finance the unitary charge.

**Tram (NET Line 1) and NET Phase 2 Reserve** were originally part of the PFI funding process but have both been released following the Council's withdrawal from the projects.

**Corporate Pay Review Reserve** has been set aside for the implementation of the Council's review of pay structures. From 2012-13 this includes the school and non schools based staff schemes. Pay increases arising from the review will be backdated.

**Improvement Programme** has been established towards funding the Improvement Programme as approved in the Budget Report to Council on 25 February 2010.

**Corporate Redundancy Reserve** was established to help meet redundancy costs in excess of the amount already held in contingency for future years.

**Performance Reward Grant** in 2009/10 the Authority accrued for part of this grant which was agreed to be shared with our LAA partners and to be available to fund services covered by the LAA. The balance was shared between the LAA partners in 2011/12.

**Lifecycle Maintenance Reserve** was established to spread the cost of maintaining new buildings. A contribution is made annually to the reserve in the earlier years which will be gradually offset by increasing maintenance costs as the new buildings become older.

#### 41. Insurance Reserve and Account

The Authority operates a self-insurance scheme and covers each kind of risk up to set limits which are reviewed annually. External insurers cover risks in excess of the internally insured amounts. The major areas where significant risks are covered externally are Fire, Liability and Motor. The insurance provision covers known liabilities. Amounts are also set aside in the Insurance Reserve to cover possible insurance claims losses that are not yet known about.

The total of the Insurance Provision and Reserve as at 31 March 1998 has been ring-fenced for liabilities arising up to that date. The balance and the liabilities are being shared by the County and City Councils in the proportion of 23.55 % City and 76.45% County.

The amount set aside in the Insurance Provision is detailed in Note 36. The Insurance Reserve is shown below:

<b>Insurance Reserve</b>	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>
Ring-fenced at 31 March 1998	(2,070)	(3,862)
Since 1 April 1998	9,641	14,223
	<u>7,571</u>	<u>10,361</u>

<b>Insurance Account</b>	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>
Premiums paid	2,860	2,363
Claims made	2,914	3,990
Contribution (from)/to Provision	6,241	(936)
	12,015	5,417
Less charges to Departments (Note 1.)	(8,852)	(8,137)
	3,163	(2,720)
<b>Total Expenditure</b>	<b>3,163</b>	<b>(2,720)</b>
External Premiums	-	(34)
Interest on ringfenced fund at 31 March 1998	(95)	(36)
<b>Total Income</b>	<b>(95)</b>	<b>(70)</b>
<b>Net (surplus)/deficit</b>	<u><b>3,068</b></u>	<u><b>(2,790)</b></u>

Note 1. Classed as expenditure to avoid double counting in the net cost of services.

## 42. Schools Statutory Reserve

Surplus and deficit balances relating to schools must be carried forward from one financial year to the next in accordance with the requirements of Section 48 of the School Standards and Framework Act 1998. The Schools Statutory Reserve is committed to be spent on schools and is not available to the Authority for general use.

During 2012/13 the overall reserve has decreased by £6.2 million to £33.0 million. Within the total reserve school accumulated balances decreased by £11.0 million to £25.0 million; of this, £4.8 million is to fund capital schemes.

The reserve also includes £8.8 million relating to the non-ISB (Individual Schools Budget) element of the Schools Budget.

Part of the reserve is used to finance a school loan scheme, whereby schools are advanced funding for major capital items and then repay this over a three year period.

	2011/12 £000	Movement in year £000	2012/13 £000
<u>School Balances</u>			
Balances held by schools	36,076	(11,029)	25,047
Non ISB Balances	4,386	4,409	8,795
School Loan Scheme	(1,311)	442	(869)
<b>School Statutory Reserve Total</b>	<b>39,151</b>	<b>(6,178)</b>	<b>32,973</b>

## 43. Unusable Reserves

	2011/12 £000	2012/13 £000
Revaluation Reserve	108,503	108,541
Capital Adjustment Account	626,721	417,431
Financial Instruments Adjustment Account	(146)	(130)
IAS 19 Pensions Reserve	(874,864)	(878,034)
Collection Fund Adjustment Account	4,765	4,495
Employee Benefits Account	(10,692)	(18,586)
<b>Total Unusable Reserves</b>	<b>(145,713)</b>	<b>(366,283)</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. 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
- 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
<b>Balance at 1 April</b>	<b>127,488</b>	<b>108,503</b>
Upward revaluation of assets	11,874	26,567
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	(9,653)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	11,874	16,914
Difference between fair value depreciation and historic cost depreciation	(2,785)	(2,224)
Accumulated gains on assets sold or scrapped	(28,074)	(14,652)
Amount written off to the Capital Adjustment Account	(30,859)	(16,876)
<b>Balance at 31 March</b>	<b>108,503</b>	<b>108,541</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historic 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. The Movement in Reserves Statement provides 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
<b>Balance at 1 April</b>	<b>760,446</b>	<b>626,721</b>
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(47,626)	(45,243)
Revaluation losses on Property, Plant and Equipment	(58,420)	(33,441)
Amortisation of intangible assets	(1,402)	(2,114)
Revenue expenditure funded from capital under statute	(8,412)	(12,932)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(144,102)	(210,496)
	(259,962)	(304,226)
Adjusting amounts written out of the Revaluation Reserve	30,859	16,876
Net written out amount of the cost of non-current assets consumed in the year.	(229,103)	(287,350)

Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance outstanding debt	16,098	-
Application of grants to capital financing from the Capital Grants Unapplied Account	53,229	46,126
Statutory provision for the financing of capital investment charged against the General Fund	22,519	23,205
Capital expenditure charged against the General Fund	13,034	11,504
	<b>104,880</b>	<b>80,835</b>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(7,571)	(867)
Movement in the fair value of Non Current Assets Held for Sale credited to the Comprehensive Income and Expenditure Statement	(1,931)	(1,908)
<b>Balance at 31 March</b>	<b><u>626,721</u></b>	<b><u>417,431</u></b>

### 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.

	2011/12 £000	2012/13 £000
<b>Balance at 1 April</b>	<b>(161)</b>	<b>(146)</b>
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-	-
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	15	16
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	15	16
<b>Balance at 31 March</b>	<b><u>(146)</u></b>	<b><u>(130)</u></b>

### Pensions Reserve

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

	2011/12 £000	2012/13 £000
<b>Balance at 1 April</b>	<b>(581,574)</b>	<b>(874,864)</b>
Actuarial gains or losses on pensions assets and liabilities	(290,360)	6,928
Other gains and losses	(371)	111
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provisions of Services in the Comprehensive Income and Expenditure Statement	(60,957)	(59,436)
Employer's pensions contributions and direct payments to pensioners payable in the year	58,398	49,227
<b>Balance at 31 March</b>	<b>(874,864)</b>	<b>(878,034)</b>

#### 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
<b>Balance at 1 April</b>	<b>4,629</b>	<b>4,765</b>
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	136	(270)
<b>Balance at 31 March</b>	<b>4,765</b>	<b>4,495</b>

#### Employee Benefits Account

The Employee Benefits 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
<b>Balance at 1 April</b>	<b>(12,543)</b>	<b>(10,692)</b>
Settlement or cancellation of accrual made at the end of the preceding year	12,543	10,692
Amounts accrued at the end of the current year	(10,692)	(18,586)
Amount by which the officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,851	(7,894)
<b>Balance at 31 March</b>	<b>(10,692)</b>	<b>(18,586)</b>

#### 44. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2011/12 £000	2012/13 £000
Interest received	365	370
Interest paid	33,563	31,320



#### 45. Cash Flow Statement - Investing Activities

	2011/12 £000	2012/13 £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	91,397	95,055
Purchase of short and long-term investments	-	2,000
Other payments for investing activities	186	574
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(16,098)	(2,818)
Capital Grants and contributions received	(54,970)	(41,458)
Proceeds from short-term and long-term investments	4	-
Other receipts from investing activities	(546)	(303)
<b>Net cash flows from investing activities</b>	<b>19,973</b>	<b>53,050</b>

#### 46. Cash Flow Statement - Financing Activities

	2011/12 £000	2012/13 £000
Cash receipts of short and long-term borrowing	(30,000)	(40,000)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	4,933	4,043
Repayments of short and long-term borrowing	6,689	9,195
<b>Net cash flows from financing activities</b>	<b>(18,378)</b>	<b>(26,762)</b>

#### 47. Termination Benefits

The Authority terminated the contracts of a number of employees in 2012/13, incurring costs of £1.28 million (£13.2 million in 2011/12). These figures include accounting entries required by the Code. The Authority is undergoing major restructuring of its services which explains the large value of these payments.

#### 48. Information on Assets

	Number of Buildings	
	2011/12	2012/13
Nursery & Primary Schools*	279	250
Secondary Schools*	28	8
Special Schools & Pupil Referral Units	14	21
Libraries	60	59
Family & Children's Centres	27	59
Youth & Community Centres	37	37
Residential Homes For Elderly & Disabled	12	6
Day Centres & Clubs For Elderly & Disabled	28	20
Children's Residential Homes	8	3
Staff & Other Houses	148	110
Other, including Factories, Depots & Offices	177	196
	<b>818</b>	<b>769</b>

\* Note that the figures exclude Academy, Foundation and Voluntary Aided schools which are not on the Council's Balance Sheet. See Note 20 for further details.

The Council owns approximately 4,167 hectares of land, of which some 444 hectares are used as smallholdings. It also has 4,592 kilometres of roads. For insurance purposes, the reinstatement value of the Council's buildings is £1,734 million.

## 49. Members' Allowances

The Authority makes payments to Councillors for work undertaken in the course of their duties. The cost during the financial year was £1,440,051 (£1,435,790 in 2011/12). In addition to this, Members were reimbursed a total of £68,816 (£80,058 in 2011/12) for expenses incurred on Council business.

## 50. Related Parties

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

### Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills, housing benefits). Grants received from Government departments are set out in the subjective analysis in Note 5 on reporting for resources allocation decisions.

### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2012/13 is shown in Note 49. During 2012/13, there were no works or services commissioned from companies in which Members had an interest (2011/12 - none). Any contracts would have been entered into in full compliance with the Council's standing orders. Grants totalling £2,628,509 were paid to 17 organisations in which 22 Members had positions on the governing body (2011/12 £5,457,630 to 21 organisations, 29 Members). No grants were made to organisations whose senior management included close members of the families of Members. In all instances, the grants were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interests which is open to public inspection and is also available on the Council's website at:

<http://www.nottinghamshire.gov.uk/thecouncil/democracy/councillors/allowances-expenses-conduct-interests/>

### Officers

In accordance with section 117 of the Local Government Act 1972, chief officers must declare their interest in any organisations which have received grant payments. During 2012/13, no grants were paid to any organisations in which chief officers had an interest (2011/12 - none).

### Other Public Bodies (subject to common control by Central Government)

The Authority has a pooled budget arrangement with Integrated Community Equipment Service (ICES). Transactions and balances outstanding are detailed in Note 52.

The Authority is the administering Authority for the Local Government Pension Scheme (LGPS). Details of the Accounts of the Pension scheme can be found after the notes to the Authority's accounts.

### Entities Controlled or Significantly Influenced by the Authority

The Authority has significant influence in the following organisations :

Nottingham and Nottinghamshire Futures Limited - See below

CLASP - See note 24

SCAPE - See note 24

These organisations are deemed to be influenced significantly by the Authority through its representation on the board or ownership of shares. Details of the transactions with Nottingham and Nottinghamshire Futures Limited are provided below. There are no material transactions with the other organisations listed.

Nottingham and Nottinghamshire Futures Ltd ("Futures") is a company owned equally between Nottingham City Council and Nottinghamshire County Council that provides support services to young people in Nottinghamshire. Following an assessment of the materiality of Futures to the Council, Group Accounts have not been prepared for 2012/13. Information related to Futures is provided below. Further details may be found within the accounts of the company which is registered in England under number 4172770.

	<b>Audited 2011/12 £000</b>	<b>Unaudited 2012/13 £000</b>
Revenue	13,480	14,641
Profit / (loss)	441	(977)
Total Assets	4,340	2,883
Total Liabilities	(14,273)	(11,207)
Equity and Reserves	(9,933)	(8,324)

Nottinghamshire County Council had the following transactions with Futures:

	<b>2011/12 £000</b>	<b>2012/13 £000</b>
Sales of facilities management services	138	7
Grants given	5,266	2,400
Purchases of works and services	242	271

## 51. Trust Funds

The Council acts as trustee for a number of separate trust funds, most of which are relatively small amounts. For example, many of the Children's Trust Funds relate to legacies left by individuals for the benefit of specified schools. The cash balances held by the Authority are summarised below:

<b>Department/Service</b>	<b>Balance at 31/3/12 £000</b>	<b>Income £000</b>	<b>Expend- iture £000</b>	<b>Investment Movement £000</b>	<b>Balance at 31/3/13 £000</b>
Children and Young People	67	23	(27)	-	63
Adult Social Care & Health	12	-	(3)	-	9
Cultural Services	56	5	(2)	-	59
Nottinghamshire Charitable Grants Fund	88	-	-	-	88
	<b>223</b>	<b>28</b>	<b>(32)</b>	<b>-</b>	<b>219</b>

In addition to cash balances held, the Authority has invested surplus funds, principally in gilt-edged securities, and the values are set out below:

	<b>Value of Investments £000 31/3/12</b>	<b>Movement £000</b>	<b>Value of Investments £000 31/3/13</b>
Children and Young People	21	-	21
Adult Social Care & Health	1	-	1
Cultural Services	50	-	50
Nottinghamshire Charitable Grants Fund	12	-	12
	<b>84</b>	<b>-</b>	<b>84</b>

## 52. Pooled Budgets

Under Section 31 of the Health Act 1999, Nottinghamshire County Council has entered into the following Pooled Budget Arrangements with the partners set out below. The County Council is the Host Authority for the pooled budget and has responsibility for its financial management. The details are set out below:

### Integrated Community Equipment Service (ICES) - Nottinghamshire

Nottinghamshire County Council (Host)

Nottingham City Council

Nottingham City PCT

Nottinghamshire County PCT

Bassetlaw PCT

Pooled Budgets Memo Account	2011/12 £000	2012/13 £000
<b>Net surplus / (deficit) brought forward</b>	17	(395)
<b>Funding provided to the pooled budget:</b>		
Nottinghamshire County Council ASCH	1,432	1,460
Nottinghamshire County Council CYP	223	275
Nottingham City Council	926	949
Bassetlaw PCT	288	497
Nottinghamshire County Teaching PCT	1,817	3,307
Nottingham City PCT	718	1,560
Continuing Healthcare Specialist Equipment	-	323
Other income	-	6
Transfer of Reserves	-	3
<b>Total Funding</b>	<b>5,404</b>	<b>8,380</b>
<b>Expenditure met from the pooled budget:</b>		
Partnership Management & Administration costs	328	296
Project Provision and one-off costs	1	-
Contract Management Fee	799	1,076
Continuing Healthcare Specialist Equipment	-	225
Equipment	4,173	5,506
Minor Adaptations	498	634
Other Expenditure	17	-
<b>Total Expenditure</b>	<b>5,816</b>	<b>7,737</b>
<b>Net surplus / (deficit) carried forward</b>	<b>(395)</b>	<b>248</b>

Note: The PCTs have restructured and from 1 April 2013 are replaced by Clinical Commissioning Groups (CCGs).

The combined ICES Contract commenced on 1 April 2011 for a period of 3 years with options to extend for up to a further 2 years.

### 53. Contingent Liabilities

In 1992, Municipal Mutual Insurance (MMI) ceased to trade and now exists solely to discharge its responsibilities under policies that it had previously issued. These responsibilities relate mainly to legal liability claims, which will take many years to materialise and finalise. In the event of MMI's insolvency during this period, local authority policyholders agreed to enter into a 'scheme of arrangement' under which there are claw-back provisions on claims payments made by MMI after the implementation of the scheme. The potential maximum liability if the scheme is triggered is £3.2 million although MMI may also cease to deal fully with any new liability claims. On 28 March 2012 a judgement handed down by the Supreme Court in the Employers' Liability Policy Trigger Litigation was unfavourable to MMI and hence the Directors of the company decided that a solvent run-off of all MMI's obligations was unlikely to be achieved. Therefore on 13 November 2013 board of MMI triggered the Scheme of Arrangement and Ernst & Young LLP became responsible for the management of MMI's business, affairs and assets. In February 2013 the proposed levy or claw-back rate was initially set at 15% , however, the actuarial review of the insurance liabilities of MMI is uncertain and Ernst & Young LLP is not able to guarantee that this initial levy percentage will be sufficient for a solvent run-off. It is therefore anticipated that further levies will be made. For this reason a provision of £1.5 million has been set aside within the insurance reserve in respect of potential claw-back, this figure being taken from an external review of the provision and reserve.

A group litigation has been lodged against the Authority for negligence in its responsibilities for providing social care. Experience of similar cases in other authorities suggests that it will be three to five years before the case is concluded. An allowance has been set aside within the insurance provision for the possible settlement that the Authority may have to pay. However, in order not to prejudice seriously the privacy of the individuals and the Authority's position in the case any further information has been withheld from this publication.

The Authority has set aside a reserve in the accounts for the implementation of the Single Status Agreement from 1 April 2002. Harmonisation of a new pay and grading structure began in April 2008. The process began with non-school based staff and was rolled out across the Authority in 2008/09 and has since completed. The roll-out of Single Status to non-teaching posts in schools is nearing completion. There remains a potential for equal pay claims arising. Although it is not possible to reliably estimate any amount at this time it is anticipated that this will be met from the Corporate Pay Review Reserve.

### 54. Post Balance Sheet Events

There are no material events to report since the accounts were prepared which are not reported in the accounts.

### 55. Income from bodies under the Local Authority (Goods and Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies. The Authority provided the following:

	2011/12		2012/13	
	£000 Expenditure	£000 Income	£000 Expenditure	£000 Income
Administration and Professional Services				
NHS Trusts	46,558	46,558	55,544	55,544
Other Authorities	8,938	8,938	9,261	9,261
Schools and Colleges	35	35	14	14
Maintenance works				
NHS Trusts	-	-	-	-
Other Authorities	193	215	54	54
Schools and Colleges	42	71	106	106
	<b>55,766</b>	<b>55,817</b>	<b>64,979</b>	<b>64,979</b>

## 56. Section 137 of the Local Government Act 1972

Local authorities are empowered by Section 137 of the Local Government Act 1972, as amended, to make contributions to certain charitable funds, not for profit bodies providing a public service and mayoral appeals. During 2012/13 these powers were not used.

## 57. Publicity Work

Local authorities are required to disclose their expenditure on publicity. The definition of publicity includes a number of routine items of expenditure. The Council's expenditure is summarised below:

	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>
Advertising for staff	723	777
Other advertising, including education courses	452	277
Public Relations - salaries and running costs	1,165	1,456
Other publicity expenditure	97	130
	<u><u>2,437</u></u>	<u><u>2,640</u></u>
As a percentage of gross expenditure (cost of services)	0.20%	0.24%