



BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET - SPECIAL MEETING

WEDNESDAY, 8TH SEPTEMBER 2004 AT 5.00PM

COMMITTEE ROOM, THE COUNCIL HOUSE, BROMSGROVE

MEMBERS: Councillors D. C. Norton (Executive Leader), Mrs. M. M. T. Taylor (Deputy Executive Leader), B. L. Fuller, C.B.E. Q.F.S.M., Mrs. J. M. L. A. Griffiths, R. Hollingworth and P. J. Whittaker.

AGENDA

Council Agendas and Minutes are available on our web site at
www.bromsgrove.gov.uk/meetings

1. To receive apologies for absence.
2. Declarations of Interest
3. To confirm the Minutes of the Executive Cabinet held on 17th August 2004
4. Public Questions
5. Statement of Accounts 2002/2003
6. To consider any other business, details of which have been notified to the Head of Administrative Services prior to the commencement of the meeting and which the Chairman, by reason of special circumstances, considers to be of so urgent a nature that it cannot wait until the next meeting

S. NIXON
Chief Executive

The Council House,
Burcot Lane,
BROMSGROVE
Worcs.
B60 1AA

27th August 2004

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE EXECUTIVE CABINET

Tuesday, 17th August 2004 at 6.00 p.m.

PRESENT: Councillors Mrs. M. M. T. Taylor (Deputy Executive Leader). B. L. Fuller C.B.E., Q.F.S.M., and P. J. Whittaker

Observers: Councillors A. J. Dent, G. N. Denaro, Mrs. K. M. Gall and N. Psirides J.P.

51/04 **APOLOGIES**

Apologies for absence were received from Councillors Mrs. J. M. L. A. Griffiths, R. Hollingworth and D. C. Norton.

52/04 **MINUTES**

The Minutes of the Meeting of the Executive Cabinet held on 21st July 2004 were submitted.

RESOLVED: that the Minutes of the Meeting be approved and confirmed as a correct record.

53/04 **TENDERS COMMITTEE**

The Minutes of the Tenders Committee held on 14th July 2004 were submitted.

RESOLVED: that the Minutes be noted.

54/04 **ISSUES ARISING FROM OVERVIEW AND SCRUTINY COMMITTEES**

(1) **GRANT APPLICATIONS**

Consideration was given to the recommendation of the Policy and Strategy Scrutiny Committee that the Executive Cabinet be requested to review the decision it had taken in refusing the grant application submitted by the Primrose Hospice and to award a grant in the region of £2,000 to the Primrose Hospice.

Members stressed that whilst they were fully aware of the valuable service provided by the Primrose Hospice they were also concerned that other worthwhile local organisations which did not have ready access to alternative sources of funding would be likely to make applications to the Council during the remainder of the Financial Year and Members wished to ensure that some funding was available to meet these needs. It was

RESOLVED: that £8,000 be retained in anticipation of future grant applications and the balance in this year's budget of £2,364 be awarded in the form of a grant to the Primrose Hospice.

55/04

DRAFT STATEMENT OF LICENSING POLICY

Consideration was given to the Draft Statement of Licensing Policy which the Council was required to produce and to issue for consultation in accordance with the Licensing Act 2003.

Members requested further information regarding the levels of licence fees which could be charged. Detailed information was not available, however, as the Government had not yet published the licence fee structure. Following discussion, it was

RESOLVED: that the Draft Statement of Licensing Policy attached to the report be approved and that the Head of Administrative Services be authorised to carry out the necessary consultation in accordance with the Licensing Act 2003.

56/04

CEMETERY CHARGES

Consideration was given to the current charges applying in the Council's Cemeteries and to whether the charges which had come into force on 1st October 2003, should be increased. Members had previously wished to bring the charges closer to those made by nearby Authorities and to reduce the difference between the cost of providing the service and the income received. Members felt it would be appropriate to review the charges again in April 2005 when other fees and charges are considered. Following discussion, it was

RESOLVED:

- (a) that with effect from 1st October 2004 the following charges be made in respect of Bromsgrove Cemeteries:-

INTERMENTS

(The fees indicated include the digging of the grave)

Child aged under 1 month	£ 15.00
Child aged 1 month to 14 years	£ 82.00
Person aged 15 or over	£253.00
Extra Charge for burials at 7 ft	£ 66.00
Extra Charge for burials at 9 ft	£120.00
Extra charge for grave longer than 6' 6" and/or wider than 2'	£ 50.00
Interment in a bricked grave	£330.00
Interment of cremated remains	£ 92.00

EXCLUSIVE RIGHTS OF BURIAL

(75 year grants)

Adult grave	£770.00
Child grave	£110.00
Cremated remains plot	£275.00

MEMORIALS

Trees	£ 99.00
Maintenance Charge for Benches	£ 82.00

OTHER FEES

Search arising from indemnity on loss of deed of assignment	£ 8.80 + VAT
Certified Copy of Entry	£ 7.15 + VAT
Issue of Memorial Permit	£16.00

(All charges for interments and exclusive rights of burial are triple for non-residents of the District.)

- (b) that the fees be next reviewed in time to come into force in April 2005.

57/04

EXECUTIVE PROCEDURE RULES - CABINET MEETING

The Cabinet considered a possible change to the Executive Procedure Rules in the Council's Constitution under which the Cabinet would be required to meet on a minimum of 10 occasions during a year instead of 30.

It was felt that following a review of the Scheme of Delegations and the intention that Cabinet would deal with more strategic items and Officers with matters of detail and implementation, sometimes in conjunction with Portfolio Holders, it would be more efficient and cost effective for Cabinet to meet on a monthly basis. There would be the option of holding additional meetings if required, for example, during the budget making period. It was

RESOLVED: that the Standards Committee be requested to consider an amendment to the Constitution, under which Executive Procedure Rule 1.6 would be changed to allow the Executive Cabinet to meet on a minimum of 10 occasions per year instead of 30.

58/04

FORMAL CAUTIONS

The Cabinet considered a report seeking delegated authority to Officers to administer formal cautions as an alternative to prosecutions. It was felt that the use of a formal caution could be a useful and effective tool in cases where a stronger sanction than a warning letter was required but where a prosecution was felt to be unnecessary and excessive. It was therefore

RESOLVED:

- (a) that the Standards Committee be recommended to approve an amendment to the Council's Constitution to authorise Officers to administer formal cautions to offenders as an alternative to court proceedings;
- (b) that for a temporary period up to 13th October 2004 (i.e., until the next Council Meeting), Officers be authorised to administer those formal cautions which are necessary and cannot wait until after that date.

59/04

CAR PARKING SERVICE - END OF YEAR REVIEW 2003/04

The report reviewing the performance of the car parking operation for the Financial Year 2003/04 and the first three months of 2004/05 was considered. Members requested additional information relating to the income received and the relationship to the number of Excess Charge Notices issued. There was discussion regarding methods by which the amount of users avoiding payment of fees could be reduced, including the possible purchase of keypads to prevent customers passing on tickets to others, either to avoid payment or to avoid excess charge notices being effective, and whether it would be appropriate to designate spaces for use as "dropping off/picking up" areas.

It was

RESOLVED:

- (a) that a further report be submitted later in the year to include:
 - (i) a full analysis of the customer satisfaction and compliance surveys;
 - (ii) an up to date financial position relating to the car parking operation 2004/05;
 - (iii) a medium and a long-term plan for the development of the car parking service;
- (b) that a report be submitted to the next Meeting if possible on the viability and cost-effectiveness of the purchase of "keypads" which would result in registration numbers being printed on tickets.

60/04

LICKEY ROTARY CLUB - STREET NAMING

The request from Lickey Rotary Club that the Council considers including the name "Rotary" when naming new roads/streets in the District in recognition of the Centenary of the Rotary organisation, was considered.

It was felt that it would not be appropriate to depart from the existing Council policy of not naming streets after living persons or existing organisations, as to do so could lead to requests from other organisations. It was

RESOLVED: that the request from Lickey Rotary Club be refused and the Council's existing policy on street naming be re-affirmed.

(NOTE: Councillor B. L. Fuller declared a personal interest in this item as a Member of the Rotary Club.)

61/04

SUBDIVISION OF LAND ADJACENT TO PETERBROOK ROAD, MAJORS GREEN AND LAND ADJACENT TO HASLUCKS GREEN ROAD AND THE JUNCTION WITH TILEHOUSE LANE, MAJORS GREEN, WYTHALL

Members considered an issue which had arisen in the Wythall area relating to the subdivision of land into individual plots on which purchasers could then carry out certain works under the Town and Country Planning (General Permitted Development) Order 1995. It was felt that this could have a detrimental impact on the Green Belt. Following discussion it was

RESOLVED:

- (a) that in respect of the land referred to in the report, Directions be made under Article 4(1) of the Town and Country Planning (General Permitted Development) Order 1995, directing that permission granted by that Order shall not apply to the following classes of development:
 - Schedule 2 Part 2 Class A;
 - Schedule 2 Part 4 Class A;
 - Schedule 2 Part 4 Class B;
 - Schedule 2 Part 5 Class A;
- (b) that the Standards Committee be recommended to approve the delegation of powers to the Director of Planning Services in consultation with the Head of Legal Services to authorise the making of a Direction/Directions under Article 4(1) of the Town and Country Planning (General Permitted Development) Order 1995 in similar circumstances, i.e., the subdivision of land into plots and to determine the classes of development to which such Direction(s) may relate in the circumstances of each individual case;
- (c) that in view of the urgency of the matter the Cabinet's decision on the matter be not subject to the Council's call-in procedure.

62/04

SHARED SERVICES

This item was withdrawn.

63/04

PERFORMANCE INFORMATION 2003/04

Consideration was given to the service performance information for the Financial Year 2003/04. It was felt that in this form not all of the figures were helpful in judging performance and some did not assist in measuring performance in a meaningful way. It was reported that it was intended to review the methods of measuring performance as part of the Council's programme of improvement. Following discussion, it was

RESOLVED:

- (a) that the figures be noted;

- (b) that the Local Government Association be informed of this Council's concern regarding the current system of performance monitoring and requested to put forward any alternative formats or systems under which the measurement of performance would be more meaningful and more useful to Local Authorities in improving services.

64/04

LOCAL GOVERNMENT ACT 1972

RESOLVED: that, under Section 100A(4) of the Local Government Act 1972, the public be excluded from the Meeting during the consideration of the item of business the subject of the following Minute on the grounds that it involves the likely disclosure of "Exempt Information" as defined in Part I of Schedule 12A to the Act, the relevant paragraph of that part being as set out below:-

Minute No.
65/04

Paragraph
1

65/04

BROMSGROVE DISTRICT CUSTOMER SERVICE CENTRE

Consideration was given to staffing and service issues relating to the Bromsgrove District Customer Service Centre. It was

RESOLVED:

- (a) that existing customer contact points be kept open for a transitional period of 3 months;
- (b) that a "meet and greet" service only be provided from The Council House following the end of the transitional period;
- (c) that the following structure be agreed with regard to Customer Services:
- Customer Services Manager SCP 43-48
 - Assistant Customer Services Manager SCP 28-32
 - 11 Full Time Equivalent Customer Service Advisers SCP 18-25
- (d) that in the interim period, the Customer Services Manager report direct to the Corporate Director (Resources);
- (e) that recruitment to the post of Customer Services Manager commence as soon as possible and that the process set out in the report be approved;
- (f) that the following services be provided from Day 1:
- Cash collection and Cash Office
 - Concessionary Fares
 - Excess Charge payments
 - Revenues and Benefits (the exact level of this to be agreed)
 - Calls relating to refuse collection and recycling;
- (g) that the estimated increased costs of £38,750 for 2004/05 be met from salary savings;
- (h) that the moratorium on posts graded Scale 1 to 5 be endorsed and that all attempts be made to secure employment by way of the redeployment policy wherever possible for staff at risk;
- (i) that the next steps proposed and the indicative timeline be noted.

The Meeting closed at 7.42 p.m.

Chairman

BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET

8TH SEPTEMBER 2004

STATEMENT OF ACCOUNTS 2002/03

Responsible Portfolio Holder	Councillor R. Hollingworth
Responsible Head of Service	Corporate Director of Resources

1. SUMMARY

To present Members with the Statement of Accounts for the year ended 31st March 2003.

2. RECOMMENDATION

To approve the unaudited Statement of Accounts for the year ended 31st March 2003 in accordance with the Accounts and Audit Regulations 2003.

3. BACKGROUND

3.1 The Accounts and Audit Regulations 2003 require that the Statement of Accounts be presented to a relevant Committee or to the Council meeting as a corporate body for approval.

3.2 The preparation of the Statement of Accounts for 2002-03 has been delayed due to a number of factors including significant delays in finalising the Statement of Accounts for 2001-02 and implementation of the new Agresso financial ledger system. Both these issues took considerable time commitment by officers. The Council has not met its statutory responsibility to report to Members by 30th September 2003.

3.4 The Statement of Accounts for the year ended 31st March 2003 is attached. The document is unaudited at this stage and KPMG will begin the audit shortly.

4. FINANCIAL AND LEGAL IMPLICATIONS

4.1 If the unaudited Statement of Accounts is not referred to Council for approval the Council will not meet its statutory responsibilities and the external auditors will report non-compliance in the Audit Management letter.

Contact officer

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BROMSGROVE DISTRICT COUNCIL



STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2003

BROMSGROVE DISTRICT COUNCIL

Statement of Accounts 2002-03

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FOREWORD

Introduction

The financial statements presented here are prepared in accordance with the Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee (CIPFA/LAAAC) Code of Practice on Local Authority Accounting in the United Kingdom 2002 'A Statement of Recommended Practice' (the 2002 SORP). The 2002 SORP sets out proper accounting practices required for the financial statements in accordance with Regulation 6 of the Accounts and Audit Regulations 1996 and by sections 41 and 42 of the Local Government and Housing Act 1989. The aim of the SORP is to ensure as far as possible a broad consistency of practice and a minimum standard of content enabling electors, council taxpayers and other interested parties to obtain clear information on local government activities.

The Financial Statements

The Council's financial statements for the year ended 31st March 2003 are set out on pages 9 to 39 and comprise:

The Statement of Accounting Policies

This statement details the general policies adopted by the Council in compiling the financial statements. The policies are those recommended by the 2002 SORP.

The Consolidated Revenue Account

The Consolidated Revenue Account shows the revenue expenditure incurred in providing services and the income derived from fees and charges, investment interest, government grants, redistributed National Non-Domestic Rates and the Council Tax. The General Fund Surplus or Deficit for the year is transferred to the General Fund Revenue Balance which is shown on the Consolidated Balance Sheet.

The Housing Revenue Account

The Housing Revenue Account (HRA) shows income and expenditure on council housing.

The Collection Fund

The Collection Fund shows the transactions of the Council in relation to the collection of Council Tax, and National Non-Domestic Rates and the way in which these have been distributed to the preceptors, the General Fund and the NNDR Pool. It is a statutory requirement for billing authorities to maintain this account.

The Consolidated Balance Sheet

The Consolidated Balance Sheet summarises the Council's financial position as at 31st March 2003. It includes the assets and liabilities of all activities of the Council.

The Statement of Total Movements in Reserves

The Statement of Total Movements in Reserves summarises the changes in the Council's capital and revenue reserves stated in the Consolidated Balance Sheet. The movements in the revenue reserves are also shown in the Consolidated Revenue Account.

The Cashflow Statement

The Cashflow Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. It excludes internal transfers between accounts that do not involve transactions with third parties.

Financial Summary

General Fund Revenue Account

At its meeting on 26th February 2002, Bromsgrove District Council set a budget of £8.082 million and a Council tax for Bromsgrove District Council of £134.50 which was an increase of 26.7% on the previous year.

The General Fund Revenue Account produced a deficit of £324,613. This was due to a number of factors including additional expenditure on waste services provided to new developments within the district and a shortfall in the targets set for vacancy provision.

The General Fund Revenue Balance brought forward as at 31st March 2002 was £1.550 million. After allowing for a planned contribution to the revenue account of £0.013 million and funding of the deficit in 2002-03, the General Fund Revenue Balance decreased to £1.212 million as at 31st March 2003.

Housing Revenue Account

The Housing Revenue Account produced a deficit of £190,318 compared with the original budgeted surplus of £92,392.

The Housing Revenue Balance brought forward as at 31st March 2002 was £213,515. After allowing for the deficit in 2002-03, the Balance decreased to £23,198 as at 31st March 2003.

Sales of Council houses during the year totalled 124, all of which were outright sales. The total proceeds of these sales was £5,360,819. The value of mortgages on former sales outstanding at the year-end amounted to £156,606.

General Fund Capital Expenditure and Receipts

Capital expenditure amounted to £2,169,684. The main areas of expenditure were the new Cemetery at Catshill (£216,264), Arts Centre (£207,568), various IT systems (£449,358), purchase of Vehicles and Plant (£98,738) improvements to parks and play areas (£204,678) and disabled facilities grants (£345,344).

Capital receipts for the year totalled £694,015. This mainly related to Low Cost housing schemes. These schemes allow Council tenants to buy properties built by private developers on land provided by the Council. Other capital contribution of £2,563,629 relate to 'Section 106' agreements where developers and other external sources provided sums to be used to fund capital expenditure. Scheme to be funded are specific and may be time limited.

As at 31st March 2003, £2,611,656 was held in the Usable Capital Receipts Reserve in respect of General Fund assets previously sold. This amount is available for investment in future capital projects.

Housing Capital Expenditure and Receipts

Capital expenditure totalled £2,450,102 and included investment in heating upgrades and boiler replacements (£515,073), window and door replacements (£489,587), Kitchen Renewals (£269,430) roofing works (£179,455) and electrical upgrades (£121,101)

Excluding the sale of Council houses, capital income during the year amounted to £171,115 mainly from the sale of land at Austin Road.

As at 31st March 2003, £8,395,044 was held in the Usable Capital Receipts Reserve in respect of housing assets previously sold. This amount is available for investment in future housing capital projects.

The Euro

It has not been decided if or when the United Kingdom will join the European Monetary Union and no formal plans have been made by this Council. However, all new I.T. systems installed by the Council are now Euro compliant.

Welcome Break Group Limited

The Council opened a joint bank account with the Welcome Break Group Limited at HSBC Plc in June 1999, which contains £150,000 together with accumulated interest. This money has been received from the developers of the Hopwood Service Station on the M42 motorway. The money will fund a nature reserve at Hopwood Park. Owing to the nature of the relationship with Welcome Break Group Limited the money in this account is not owned solely by Bromsgrove District Council and as such does not form part of these accounts.

E-Government

The Council has commenced preparations for 'E-Government'. This will, by 2005, enable all residents, should they wish so, to communicate with the Council by electronic means to make payments, receive information and return completed forms.

Accounting Policies

The accounting policies adopted by the Council are set out on pages 9 to 11.

Further Information

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

Kevin Dicks
Corporate Director (Resources)

Date

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council for 2002-03 that Officer was the Director of Financial Services. With effect from 28th June 2004, the Section 151 Officer is Kevin Dicks, Corporate Director (Resources).
- manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- approve the Statement of Accounts.

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Council's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2002 (the 2002 SORP) and is required to present fairly the financial position of the Council at the accounting date and its income and expenditure for the year ending 31st March 2003.

In preparing these financial statements the Section 151 Officer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the 2002 SORP.

The Section 151 Officer has also:

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

The Section 151 Officers Certificate

The Statement of Accounts for Bromsgrove District Council present fairly the financial position of the Council at 31st March 2003 and its income and expenditure for the year ended 31st March 2003.

Kevin Dicks
Corporate Director (Resources)

Date

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

Introduction

This statement is given in respect of the Statement of Accounts for the year ended 31st March 2003 for Bromsgrove District Council. I acknowledge my responsibility for ensuring an effective system of internal financial control is established and continually reviewed to ensure that it is being followed consistently and is adapted to suit changing business needs.

Assurance

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

Framework

The system of internal financial control is based on a framework of regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and management of the system is undertaken by managers within the Council. In particular the system includes:

(delete as appropriate)

- Adoption of statutory and professional standards
- Financial regulations and contracts procedure rules
- Budget and policy framework procedure rules
- Delegations of authority and accountability as outlined in the Councils Constitution
- Agreed financial administration procedures
- Budgeting systems
- Reviews of periodic and annual financial reports which indicate financial performance against targets
- The preparation of financial reports which indicate actual expenditure against the forecast
- Capital expenditure guidelines

Internal Audit Arrangements

The Council has a responsibility for maintaining an effective internal audit function under Regulation 6 of the Accounts and Audit Regulations 2003. This responsibility is delegated to me as the Section 151 Officer for the Council.

The Internal Audit Section reports to me through the Audit, Best Value and Performance Manager. The section's primary role is to provide an independent and objective opinion to the degree which the internal control environment supports and promotes the achievement of the organisation's objectives. The Section operates in line with an Audit Plan agreed at Officers Management Team. The section examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources. The section is subject to an annual review by the Council's external auditors to ensure the adequacy of the internal audit function.

Review

My assessment of the effectiveness of the system of internal financial control is informed by

- The work of managers within the Council
- The work of the internal auditors described above; and
- The external auditors in their annual audit letter and other reports

Issues

The preparation of the Statement of Accounts for 2002-03 has been delayed due to a number of factors including significant delays in finalising the Statement of Accounts for 2001-02 and implementation of the new Agresso financial ledger system. Both these issues took considerable time commitment by officers. The Council has not met its statutory responsibility to report to Members by 30th September 2003.

During 2002-03, the work of Internal Audit and the external auditors identified that high level controls were not in place for key financial systems. These controls include reconciliations of feeder systems to the LAFIS financial ledger system. Some work has now been carried out on these areas.

In the review of Internal Audit work for 2002-03 by the external auditors found that Internal Audit did not achieved full high level control coverage of all key financial systems . The external auditors therefore considered it necessary that they carried out additional work in order to give an adequate level of reliance on the financial systems for Opinion purposes.

The Council has acknowledged that it has weaknesses in this area and is working hard to resolve these issues.

Kevin Dicks
Corporate Director (Resources)

Date

AUDITORS REPORT

The Council's auditors are KPMG.

To date no audit opinion has been issued.

STATEMENT OF ACCOUNTING POLICIES

General Principles

The general policies adopted in compiling the financial statements are those recommended by the CIPFA/LA SAAC Joint Committee in the Code of Practice on Local Authority Accounting in the United Kingdom 2002 'A Statement of Recommended Practice' (the 2002 SORP).

Basis on which Debtors and Creditors have been included in the accounts

The revenue and capital transactions of the Council are maintained on an accrual basis in accordance with the 2002 SORP and SSAP 2. That means that sums due to or from the Council during the year are included irrespective of whether cash has actually been received or paid in the year. Where there was insufficient information available to provide actual figures, estimates have been included although this element is not significant.

Nature of Reserves, Provisions and Contingent Liabilities

Reserves: In addition to the revenue balances, the Council has sums set aside for use in future accounting periods, to meet known or predicted liabilities. These earmarked financial reserves are for specific purposes, for example for capital developments or asset purchases.

Two other reserves exist in the name of the "Fixed Asset Restatement Reserve" and the "Capital Financing Reserve". These have been created under the new capital accounting system. Neither of these reserves represents funds to meet future expenditure.

Provisions: The 2002 SORP requires that provisions are recognised when the Council has a present obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Council has not provided for any provisions in 2002-03.

Contingent liabilities: There are no contingent liabilities to provide for.

Basis for Redemption of Debt

The Council deals with its borrowing requirement and servicing thereof in accordance with the provisions of Part IV of the Local Government and Housing Act 1989. Since 1st April 2000 the Council has been "debt free" and has no long term external debt.

Basis upon which Capital Expenditure is recorded in the Balance Sheet

Historically the Capital Expenditure of the Council was recorded in the Consolidated Balance Sheet at cost or at the written-down value. From 1994-95 to comply with the 2002 SORP all capital expenditure has been categorised according to its use. In essence those items, which are tangible and have an operational use to the service owner, have now been recorded in the Consolidated Balance Sheet at the estimated current replacement value. Those items, which are community assets, remain in the Consolidated Balance Sheet at cost. Infrastructure assets have been written out having no tangible or saleable value.

Where assets have been appropriated between services they are transferred on the basis of current market value.

Deferred Charges

Deferred charges represent expenditure that may be properly capitalised but which creates no fixed asset for the Council. The deferred charges are charged to the service revenue account with a corresponding transfer made from the Capital Financing Reserve to neutralise the effect on the Consolidated Revenue Account.

Receipts arising from Sale of Fixed Assets

Where fixed assets have been sold, the receipt becomes a usable capital receipt and the book value of the asset is written out of the Fixed Asset account in the Balance Sheet and transferred to the Fixed Asset Restatement Reserve (FARR).

Basis of Valuation of Investments

Investments are recorded in the Balance Sheet at cost.

Basis of Depreciation Provisions

Under the Financial Reporting Standard 15 (FRS15) depreciation is applied to relevant assets, and information available for this purpose is continually being updated in accordance with guidelines issued. The Council is committed to reviewing the valuation of its assets in order to meet the requirements of FRS15. Where the valuations are not 'as at' the balance sheet date the Council is not aware of any material change and therefore valuations have not been updated.

Extent to which Central Administration Charges are allocated

Staff costs are apportioned over services on a time basis. Administrative buildings and other establishment charges are allocated by way of an on cost addition to staff costs.

The Capital Programme has been charged with support service costs to reflect staff administration of the various schemes within the programme. This change to past practice first occurred in 2001-02, and will continue for the duration of the future capital programme.

Stocks and Stores

These are valued on the basis of last intake price. Stocks in hand are brought into the accounts for Central Depot Stores, Vending Machine Stock, Pest Control Stock and the Postal Franking Machine. The valuation of the stores is a departure from SSAP 9 however the effect is not material.

Interest Charges and Treasury Management Expenses

Provision has been made in the accounts for the accrual of loan interest due to the Council as at 31st March 2003.

A notional interest charge is based on the value shown in the balance sheet. The rates used are those set in the guidance, being 6% of assets valued at current valuations, and 6% for those assets valued at historic costs.

External interest payable is charged to the Asset Management Revenue Account. This account is also charged with the provision for depreciation and credited with the capital charges made to the service revenue accounts. The balance on the Asset Management Revenue Account is transferred to the Consolidated Revenue Account after the net cost of services has been determined. The effect is that the Consolidate revenue account is charged with an amount equivalent to external interest payable and there is neutral impact on the amount to be met by Government grant and local taxpayers.

Pensions

Employees of the Council, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. The Council pays an employer's contribution into the Worcestershire County Council Pension Fund on those employees who participate in scheme. The employers pensions costs are charged to the Council's revenue account.

The pension costs included in the revenue account have been determined in accordance with relevant Government regulations. As a result, the Council does not comply with the accounting requirement of SSAP 24 'Accounting for Pension Costs' and the liabilities included in the Balance sheet are understated in respect of pension costs. SSAP 24 is being superseded by Financial Reporting Statement 17 'Retirement Benefits' (FRS 17) which was issued by the Accounting Standards Board in November 2000. FRS17 started coming into force for accounting periods ending on or after 22nd June 2001 but will not finally supersede SSAP24 until accounting periods ending on or after 22nd June 2003. The Council has complied with the transitional arrangements of FRS 17 by way of a note to the Consolidated Balance Sheet. The information contained within the note has been supplied by Worcestershire County Council as the administrating authority of the scheme.

The Annual Report of the Pension Fund is available from Worcestershire County Council.

Housing Resource Accounting

The Housing Revenue Account (HRA) has been produced in full compliance with the "Resource Accounting" procedures, which were introduced by the Government from 1st April 2001.

The objectives of this include encouraging more efficient use of housing assets and increasing the transparency of the HRA. In parallel the Government has introduced a Major Repairs Allowance (MRA) which reflects the estimated average annual cost of maintaining the condition of the housing stock over a 30 year period based on the Council's mix of dwelling archetypes.

The HRA receives a cost of capital based on 6% of the valuation of property. A housing stock valuation was carried out to determine the basis of the charge. The Council is also required to charge depreciation and, where applicable, impairment on all HRA properties in accordance with proper practices. Additionally a Major Repairs Reserve has been established. This has been credited with an amount equal to the total depreciation charges on all HRA assets. The Major Repairs Reserve has been used to fund capital expenditure on HRA assets.

Best Value Accounting Code of Practice

All Councils now have to comply with the Best Value Accounting Code of Practice (BVACOP), the main items being the mandatory introduction (with some exceptions) of depreciation, identification of trading services, and a revised service expenditure analysis in the consolidated revenue account. The 2002-03 accounts comply with these requirements.

**Consolidated Revenue Account for the
Year ended 31st March 2003**

Net Expenditure 2001-02 £000	Note		Gross Expenditure 2002-03 £000	Gross Income 2002-03 £000	Net Expenditure 2002-03 £000
1,166		Central Services to the Public	1,708	-523	1,185
5,815		Cultural, Environmental and Planning	7,951	-1,888	6,063
305		Highways and Transport	1,128	-823	305
7,246		Housing Services	18,111	-11,047	7,064
976		Corporate and Democratic Core	1,030	-3	1,027
570		Unapportionable Central Overheads	644	0	644
16,078		Net Cost of Services	30,572	-14,284	16,288
-6,496	1	Asset Management Revenue Account			-6,162
351		Precepts to Parish Councils			356
-140		HRA Subsidy Limitation			0
32		Prior Year Adjustment to DLO			0
-1	2	Surplus From Trading Operations			-4
-715		External Interest Received			-669
9,109		Net Operating Expenditure			9,809
-797		Transfer from Capital Financing Reserve			-766
-57		Deficit Transferred back to HRA			-191
-346		Contributions to/from(-) Earmarked Reserves			-89
0		Contribution to/from(-) Working Balances			-13
7,909		Amount to be met by Government Grant & Taxpayers			8,750
-3,909		Precept Demands from Collection Fund			-4,858
-247		Revenue Support Grant			0
-3,187		Non-Domestic Rates			-3,567
566		Net General Fund Surplus(-)/Deficit			325
£000		General Fund Revenue Balance			£000
-2,115		Balance as at 31st March 2002			-1,550
0		Transfer to Consolidated Revenue Account			13
-1		Transfer from Collection Fund Community Charge			0
566		Surplus(-)/Deficit for Year			325
-1,550		General Fund Revenue Balance as at 31st March 2003			-1,212

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

The 2002 SORP requires the Council to bring together the costs relating to General Fund and those relating to the Housing Revenue Account within a Consolidated Revenue Account. The figures have been adjusted to comply with this new format.

1. The Asset Management Revenue Account

The Asset Management Revenue Account is the account that removes the capital charges included within the costs of service figures to ensure that these notional charges do not affect the amount payable by Government Grants and Local Taxpayers. The amount transferred to the General Fund was calculated as follows:

2001-02 £000		2002-03 £000
12	External Interest Payments	10
1,974	Depreciation of HRA assets	1,884
364	Depreciation of General Fund assets	364
2,350	Total Expenditure	2,258
	Less: Capital Charges	
	Housing Revenue Account	
-94	Notional Interest Charge	-78
-5,698	Asset Rentals (6% of asset valuation)	-5,390
-1,974	Depreciation Charges	-1,884
-25	Deferred Charges	-25
	General Fund	
-691	Asset Rentals (6% of asset valuation)	-679
-364	Depreciation Charges	-364
-8,846	Total Income	-8,420
-6,496	NET TRANSFER TO REVENUE ACCOUNTS	-6,162
	Represented by:	
-5,817	Housing Revenue Account	-5,493
-679	General Fund	-669

2. Trading Operations

These are activities of a commercial nature, which are financed substantially by charges made to the recipient of the services.

2001-02			2002-03	
Turnover £000	Profits £000	External Trading Services	Turnover £000	Profits £000
107	-26	Market Services	110	-33
116	26	Industrial Sites	126	37
223	0	Total	236	4
		Internal Trading Services		
4,226	20	Depot Services	4,056	0
4,449	20	Total	4,292	4

“Depot Services” relate to the contracted services provided to the Council through its own trading operation (e.g. refuse collection, housing repairs, grounds maintenance). The majority of the income generated by Depot Services comes from other services within the Council. The ‘trading profits’ generated by Depot Services have been transferred back to the client departments as part of the closedown process.

3. Provision for Loan Repayment

The Provision for Loan Repayment complies with the minimum revenue provision required under the Local Government Act 1989.

2001-02 £000		2002-03 £000
42	Housing Revenue Account	41
0	General Fund (Negative credit ceiling-therefore no provision)	0
42	Minimum Revenue Provision	41
	Less: Depreciation already charged to the C.R.A.	
-1,974	Housing Revenue Account	-1,884
-364	General Fund	-364
-2,296	Adjusted Minimum Revenue Provision	-2,207

4. Publicity

Set out below, under the requirements of Section 5(1) of the Local Government Act 1986, is the Council's spending on publicity:

2001-02 £000		2002-03 £000
46	General Advertising	43
69	Staff Advertising	47
105	Marketing, Promotion and publicity	77
220	Total	167

5. Superannuation – Pension Costs

The Council pays contributions to the Worcestershire County Council's Pension Fund, which provides its members with defined benefits relating to pay and service. The contributions are based on rates determined by the Fund's professionally qualified actuaries based on triennial valuations of the Fund; the most recent of which was at 31st March 2001.

In 2002-03 the Council paid an employer's contribution of £891,882 (£813,506 in 2001-02) based on 15% of pensionable employees' pay. In addition the Council is responsible for all payments relating to added years benefits it has awarded, together with related increases. In 2002-03 these amounted to £93,698 (£91,200 in 2001-02), representing 1.58% of pensionable pay.

The Council has also made payments to fund the cost of discretionary retirement benefits paid to employees who retire on the grounds of redundancy or in the interests of the efficiency of the service. In accordance with FRS17, the Council is also required to disclose the capital costs of discretionary retirement benefits agreed both in the year and in earlier years. No discretionary retirement benefits were agreed in 2002-03 (or 2001-02) and the estimated capital costs of discretionary retirement benefits agreed in previous years are £1,686,564 (£1,641,600 for 2001-02).

6. Payments made to Employees 2002-03

Under Regulation 7(2) of the Accounts and Audit Regulations 2003, the Council is required to disclose in a note to the accounts the number of employees whose remuneration exceeds £40,000 in bands of £10,000. This information is presented below:

2001-02 Total	Remuneration Band	2002-03 Total
11	Over £40,000 and up to £50,000	10
0	Over £50,000 and up to £60,000	0
0	Over £60,000 and up to £70,000	0
1	Over £70,000 and up to £80,000	1

7. Members Allowances

In accordance with the Local Authority (Members' Allowances) Regulations 1991, the Local Authority (Members' Allowances) (Amended) Regulations 1995, and the Local Authority (Members' Allowances) (England) Regulations 2001 the Council publishes each year details of the total amount of basic allowances, attendance allowances and special responsibility allowances paid to members of Bromsgrove District Council.

2001-02 £000		2002-03 £000
68	Basic Allowance	95
22	Special Allowance	31
16	Attendance Allowance	0
4	Chairman's Allowance	5
1	Vice Chairman's Allowance	1
111	Total Allowances Paid	132

Members' Allowances were reviewed by an Independent Remuneration Panel in accordance with Regulation 5 of the Local Authorities (Members' Allowances) (England) Regulations 2001. Members ceased receiving attendance allowance from 29 July 2001 and instead receive a flat rate £2,500, plus reimbursement for travel, subsistence and telephone line rental expenses. Special responsibility allowances are paid to thirteen members undertaking specific duties and responsibilities for nominated roles of office (e.g. Council Leader, Deputy Leader, and Scrutiny Chairs).

8. Related Parties

The 2002 SORP requires disclosure of transactions with related parties in line with FRS8 'Related Party Disclosures'. Parties are defined as related if one party can or has potential to exert control or influence over the other party or are subject to a common control from the same source.

During 2002-03 the Council had the following transactions with related parties:

	Expenditure £000	Income £000
West Midlands Police Authority:		
- Precept	3,498	
PARISH COUNCILS:		
- Precepts	356	
- Lighting Grants	22	
- Concurrent Functions	85	
Worcestershire County Council:		
- Precept	24,364	
- Ryland Centre		-2
- Abandoned Vehicles		-19
- Recycling		-84
- Superannuation	1,246	
- Luncheon Clubs		-29
Government Departments:		
- Revenue Support Grants		0
- Redistributed NNDR		-3,567
- Housing Benefits		-4,413
- HRA Subsidy		-1,149
- Other		-109

9. Building Control Regulations

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function – 'details of scheme for setting charges'. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The table below shows only the chargeable element of operational services.

2001-02 £000		2002-03 £000
	<u>Expenditure:</u>	
2	Printing, Stationery, etc.	2
3	Consultants Fees	4
178	Building Control IBU	213
183		219
	<u>Less Income:</u>	
-248	Fees	-291
-2	Sundries	-1
-250		-292
-67	Surplus(-)/Deficit for the Year:	-73

10. Local Authorities (Goods and Services) Act 1970

There were no significant transactions in 2002-03 with organisations covered by the Act.

11. Local Government Act 2000

The Local Government Act 2000 granted new powers to authorities in England and Wales to promote well-being in their area. Expenditure amounted to £150,044 in 2002/2003 and has mainly been used in providing grants to the voluntary sector serving the community in Bromsgrove.

**HOUSING REVENUE ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2003**

2001-02 £000		2002-03 £000
	<u>Income:</u>	
-7,855	Dwelling rents (gross)	-8,275
-311	Non-dwelling rents (gross)	-319
-199	Charges for services & facilities	-327
-1,068	HRA Subsidy receivable (including MRA)	-1,149
-9,433	Total Income	-10,070
	<u>Expenditure:</u>	
1,646	Repairs and maintenance	2,046
1,840	Supervision and Management	1,903
3,989	Rent Rebates	4,543
140	Special Determination – Subsidy transferable to General Fund	0
208	Increased provision for bad or doubtful debts	0
94	Cost of Capital Interest payable	78
5,698	Asset Rental charges	5,390
1,974	Depreciation and Impairment of fixed assets	1,884
25	Amortisation of deferred charges	25
45	Debt Management Costs	0
15,659	Total Expenditure	15,869
6,226	Net cost of Services	5,799
-5,817	Net HRA Income/expenditure on AMRA	-5,493
0	Transfer to General Fund as directed by Sec. of State	0
0	Amortised Premiums and Discounts	0
	HRA Investment Income	
-34	Interest on notional cash balances	-13
-15	Mortgage interest	-9
360	Net Operating Expenditure	284
	Appropriations	
42	HRA Contribution to Minimum Repayment Provision	41
-346	Transfer to/from(-) Major Repairs Reserve	-134
56	Total Surplus(-)/Deficit for the year	191
-270	Balance brought forward 1st April	-214
-214	Balance as at 31st March	-23

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Housing Stock

The Council was responsible for managing an average of 3,256 dwellings in 2002-03. The stock was made up as follows:

No's	Value as at 31st March 2002 £000		No's	Value as at 31st March 2003 £000
		Operational Assets		
1,483	47,648	Houses	1,390	43,766
1,435	28,141	Flats	1,406	27,030
400	12,690	Bungalows	399	12,402
3,318	88,479	Total Council Dwellings	3,195	83,198
1,593	1,470	Garages	1,593	1,365
	89,949	Total Operational Assets		84,563
		Non-Operational Assets		
	237	Non-operational Land		237
	90,186	Total HRA Assets		84,800

The balance sheet values of Council Dwellings given above are based on the Existing Use Value – Social Housing, in accordance with recommended practice.

The 'Vacant Possession' value of the same Council Dwellings as at 1st April 2003 was £157,887,250 (£164,423,500 as at 1st April 2002). The difference between the two valuations represents the economic cost to Government of providing council housing at less than open market rents.

The change in stock can be summarised as follows:

2001-02 No's		2002-03 No's
	COUNCIL HOUSES	
3,414	Stock as at 31st March	3,318
-96	Less Sales	-124
0	Add not previously included in Listing	1
0	Add New Build	0
3,318	Stock as at 31st March	3,195

2. Major Repairs Reserve

The Major Repairs Reserve represents the amount of subsidy provided by Government to support major works necessary to bring the Council's housing stocks up to an acceptable standard.

2001-02 £000			2002-03 £000	
	0	Balance as at 31st March		-473
	-1,974	Depreciation charged to the HRA		-1,884
		Less:		
		Amount transferred to HRA during the year		
59		Item 8 - Special Determination	59	
140		Item 8 – Transitional measures debit	0	
105		Depreciation of other Housing Assets	105	
42		MRA – depreciation appropriation	-30	
	346			134
	1,155	Financing of capital expenditure		2,022
	-473	Balance as at 31st March		-201

3 Housing Capital Expenditure

Details of Housing Capital expenditure is provided below:

2001-02 £000		2002-03 £000
	Expenditure	
0	Land	0
1,047	Houses	2,270
473	Other Property	179
1,520	Sub-total	2,449
0	Less Creditors	-127
1,520	Expenditure for capital Financing Purposes	2,322
	Financed by	
1,155	Major Repairs Reserve	2,022
248	Useable Capital Receipts	259
0	Provision for Credit Liabilities	41
117	Disabled Facilities Grant	0
1,520	Total Financing	2,322

4. Capital Receipts Analysis

The total capital receipts during the 2002-03 financial year are given below:

2001-02 £000		2002-03 £000
36	Land	53
3,623	Houses	5,392
22	Other Property	118
3,681	Total	5,563

5. Depreciation

Depreciation of £1,884,060 was charged in the year in respect of operational assets (including dwellings). There was no depreciation on the non-operational assets. The depreciation charge is based on the Existing Use Value – Social Housing (EUV-SH) for dwellings and Existing Use Value (EUV) for garages. An accounting adjustment has been made in the Housing Revenue Account to represent the difference in calculated depreciation and the value of the Major Repairs Allowance.

6. Cost of Capital Charge

The cost of capital is a charge made to the HRA for the use of its fixed assets. The charge is determined by applying a specified notional rate of interest to the net amount at which each asset is held on the balance sheet. The rate of interest is determined annually by the CIPFA/LASAAC Joint Committee. The rate for assets valued at current value, which includes council housing, is 6% for 2002-03.

7. Asset Management Revenue Account

The Asset Management Revenue Account accounting adjustment is necessary to ensure that the capital charges for depreciation and notional asset rental charges have a nil impact on the balance on the Housing Revenue Account.

8. Impairment Charges

There were no impairment charges as assessed in accordance with proper practice.

9. Gross Rent Income

This is the total rent income due for the year after allowance is made for voids, etc. The average rent was £53.08 compared with £48.77 for 2001-02.

10. Housing Revenue Account Subsidy

The amount of subsidy payable in 2002-03 was calculated in accordance with the formula set out on paragraph 3.1 of the General Determination of Housing Subsidy for 2002-03 and is set out below:

2001-02 £	Subsidy Element	2002-03 £
2,743,816	Management and maintenance	2,777,950
1,826,727	Major Repairs Allowance	1,808,590
3,611,439	Rent Rebates	3,875,020
143,354	Charges for Capital	131,501
18,468	Other items of reckonable expenditure	11,966
14,032	Allowance for Tenant Participation Compacts	0
27,097	Allowance for Resource Accounting	0
8,384,933		8,605,027
	Less:	
-7,296,137	Rent	-7,442,578
-21,067	Interest	-13,166
1,067,729	Housing revenue account subsidy payable to the Council	1,149,283

11. Reimbursement of Housing Benefit

The Council administers Housing Benefit under the Housing Subsidy System. The cost is now fully borne by the Housing Revenue Account. For 2002-03 the cost of rebates was £4,542,870 (£3,988,757 in 2001-02)

12. Rent Arrears

The gross rent arrears at 31st March 2003 were £471,668 (£467,986 for 31st March 2002), which represents 5.1% of the annual debit. This figure excludes rent rebate overpayments.

13. Deferred Purchase Scheme

The Council operates a deferred purchase scheme with Morgan Grenfell (Local Authority Finance) Ltd. This scheme involves Morgan Grenfell financing the development on behalf of the Council. On completion, the cost of the scheme together with interest is paid to Morgan Grenfell over a specified number of years.

The scheme relates to the construction of 145 dwellings in Shenstone Court and Burcot Lane, Bromsgrove. The total cost was £969,321 and the amount outstanding at 31st March 2003 was £119,321. The annual cost has been charged to the Housing Revenue Account.

14. Bad Debt Provision

2001-02 £000		2002-03 £000
260	Balance as at 31st March	440
-28	Less amounts written off in year	-45
208	Add contribution to provision	0
440	Balance as at 31st March	395

THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31st MARCH 2003

2001-02 £000		2002-03 £000
	<u>Income:</u>	
-27,506	Income from Council Tax (Net)	-31,553
-1,907	Council Tax Benefits	-2,205
-264	Compensation for Council Tax Benefit Subsidy Limitation	0
	Reduction in Provision for Bad and Doubtful Debts	
-126	Council Tax	-94
0	Business Rates	-170
-17,416	Income from Business Ratepayers	-17,001
-1	Community Charge income	0
-47,220	Total Income	-51,023
	<u>Less Expenditure:</u>	
29,081	Precepts and Demands	32,721
	Business Rates:	
16,921	Payments to Pool	17,062
108	Costs of Collection	108
	Increased Provision for Bad and Doubtful Debts	
0	Council Tax	0
387	NNDR	0
	To General Fund	
1	Community Charge	0
455	Prior year NNDR 1992/93 accounting adjustment	0
46,952	Total Expenditure	49,891
-267	Surplus(-)/Deficit for the year	-1,132
-84	Collection Fund Surplus(-) brought forward	-351
-351	Collection Fund Surplus(-) carried forward	-1,483

NOTES TO THE COLLECTION FUND ACCOUNT

1. General

These accounts represent the transactions of the Collection Fund, a statutory fund separate from the main accounts of the Council. The fund accounts independently for income relating to Council Tax and National Non Domestic Rates on behalf of those bodies (including the Council's own General Fund) for which the income has been raised. Administration costs are borne by the General Fund. The transactions are however consolidated in the Council's Balance Sheet and Cashflow Statement.

2. Council Tax Base

The Council set a Council Tax of £966.94 based on Band 'D' equivalent, with a tax base of 33,471.60.

The Council Tax Base is the number of chargeable dwellings in each valuation band adjusted for dwellings where discounts apply, and converted into an equivalent number of Band D properties. A Collection rate of 98% has been assumed in the calculation of the tax base.

Items for parish precepts are additional.

Band	Valuation	Numbers	Ratio	Band D
A	Up to £40,000	2,469	6/9	1,628.7
B	Over £40,000 and up to £52,000	5,819	7/9	4,510.9
C	Over £52,000 and up to £68,000	7,255	8/9	6,410.7
D	Over £68,000 and up to £88,000	6,523	9/9	6,412.8
E	Over £88,000 and up to £120,000	5,631	11/9	6,703.9
F	Over £120,000 and up to £160,000	3,073	13/9	4,188.9
G	Over £160,000 and up to £320,000	2,322	15/9	3,813.3
H	Over £320,000	246	18/9	485.5
Total		33,338		34,154.7
		Collection Rate		98%
		Council tax base		33,471.60

The costs of individual council tax benefits are met from the General Fund to which any Government grants are payable.

3. National Non-Domestic Rates

Non Domestic Rates are collected on behalf of the government and paid into a National Pool. The Collection Fund receives amounts paid by the local ratepayers in the area, and pays this amount over to the national pool net of allowable costs of collection. The National rate specified by government was an amount of 43.7p in the £ for 2002-03 (43.0p 2001-02) and, subject to the effects of transitional arrangements local businesses pay rates calculated by multiplying their rateable value by that amount. A revaluation of all non-domestic properties took effect from 1st April 2000; the rateable value as at 31st March 2003 was £45,638,944.

4. Precepts

The precepts and demands were as follows:

2001-02 £000		2002-03 £
22,541	Worcestershire County Council	24,365
3,909	Bromsgrove District Council (including Parish Councils)	4,858
2,631	West Mercia Police Authority	3,498
29,081	Total	32,721

5. Bad Debt Provision

Bad and doubtful debt provisions comprised the following amounts:

2001-02 £000		2002-03 £000
1,550	Balance as at 31st March Council Tax	1,662
-17	Written-off during the year	-94
-126	Movement in Provision Non-Domestic Rates	0
-132	Written-off during the year	-128
387	Movement in Provision	-170
1,662	Balance as at 31st March	1,270
	Represented By:	
807	Council Tax Provision	713
855	Business Ratepayers Provision	557
1,662	Total	1,270

6. Collection Fund Reserves

The Collection Fund reserves available for distribution to the Councils which precept on the Fund. In 2003/04, a total of £1.732 million will be distributed to Worcestershire County Council, West Mercia Police Authority and Bromsgrove District Council. The balance on the Reserve is set out below:

2001-02 £000		2002-03 £000
84	Balance brought forward 1st April	351
267	Surplus/(Deficit) in the Year	1,132
0	Transfer to General Fund	0
351	Balance carried forward 31st March	1,483

CONSOLIDATED BALANCE SHEET

As at 31st March 2003

2001-02 £000		2002-03	
		£000	£000
		Fixed Assets:	
		Operational Assets -	
89,949			84,563
10,629			10,716
265			260
4,828			4,291
105,671	1		99,830
		Other Long Term Assets:	
50	2		50
206	3		157
105,927			100,037
		Current Assets:	
132	4	126	
3,948	5	3,852	
53	6	284	
12,840	7	19,450	
16,973			23,712
		Less: Current Liabilities:	
-4,440	8	-4,961	
-276	9	-299	
-535	10	0	
-5,251			-5,260
117,649			118,489
		Other Long Term Liabilities	
-206	11		-157
117,443			118,332
		Financed by:	
48,161	12		40,391
57,519	13		59,176
1,241			1,216
314			2,865
6,907			11,007
713			758
473			201
		Revenue Balances:	
1,550			1,212
214			23
351			1,483
117,443			118,332

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Fixed Assets

Movements in fixed assets during the year were as follows:

Operational Assets					
	COUNCIL DWELLINGS	COUNCIL GARAGES	OTHER LAND & BUILDINGS	COMMUNITY ASSETS	TOTAL
	£000s	£000s	£000s	£000s	£000s
Net Book Value of Assets as at 31st March 2002	88,479	1,470	10,629	265	100,843
<u>Movement in Year 2002-03</u>					
Additions					
Disposals	-3,580	0	0	0	-3,580
Revaluations	78	0	0	0	78
Depreciation	-1,779	-105	-337	-5	-2,226
Net Book Value of Assets as at 31st March 2003	83,198	1,365	10,292	260	95,115
Non-Operational Assets					
Net Book Value of Assets as at 31st March 2002	0	0	4,828	0	4,828
<u>Movement in Year 2002-03</u>					
Revaluation	0	0	0	0	0
Disposals	0	0	-515	0	-515
Depreciation	0	0	-22	0	-22
Net Book Value of Assets as at 31st March 2003	0	0	4,291	0	4,291
Non-Enhancing Expenditure					
Net Book Value of Assets as at 31st March 2002	0	0	0	0	0
<u>Movement in Year 2002-03</u>					
Additions – Housing Capital	2,450	0	0	0	2,450
Additions – General Fund Capital	0	0	1,477	250	1,727
Written-off in the Year	-2,450	0	-1,053	-250	-3,753
Net Book Value of Assets as at 31st March 2003	0	0	424	0	424
Total Book Value of Assets as at 31st March 2003	83,198	1,365	15,007	260	99,830

The fixed assets shown in the balance sheet have been valued on the basis recommended by CIPFA and in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. The General Fund Asset valuations were carried out by the Council's own Valuation Officer Mr. D. Rogers-Davies MRICS; the Council's housing stock was valued by a suitably qualified external valuation officer from the District Valuer's Office. The basis of valuation is given below:

- **Operational Assets.** The operational assets have been valued at the lower of net current replacement cost and net realisable value, which may be the existing use value, existing use value for social housing, the depreciated replacement cost or the open market value, as appropriate. The Community Assets and Open Spaces have been valued on their historic cost values.

- **Non-Operational Assets.** Non-operational assets have been valued at their open market value.

The Housing Revenue Account assets were valued by Mr. A.J. Compson (FRICS) of the Valuation Office Agency, Wolverhampton on 23 February 2000. The valuation date was effective from 1st April 2000, and the net book value in the balance sheet reflects the revaluation of Council Dwellings and HRA land with effect from this date.

Financing of Capital Expenditure

The capital expenditure for 2002-03 and financing were as follows:

2001-02 £000		2002-03 £000
	<u>Expenditure:</u>	
1,520	Housing	2,449
1,414	General Fund	2,169
2,934	Sub-Total	4,497
0	Less Creditors	-295
2,934	Expenditure for Capital Financing Purposes	4,323
	<u>Financing:</u>	
1,661	Capital Receipts	2,030
1,155	Major Repairs Reserve	2,022
0	Capital Contributions	13
0	Borrowing	0
118	Capital Grant	217
0	Charged to Revenue	41
2,934	Total	4,202

Deferred Charges

	£000
Balance as at 31st March 2002	
Expenditure	
- Improvement Grants	423
- other expenditure	20
Written off in year	-443
Balance as at 31st March 2003	0

2. Long Term Investments

These consist of a debenture loan to the Association of District Councils for £50,000 (£50,000 as at 31st March 2002) and investment in Charities Investment Fund for £53 (£53 as at 31st March 2002).

3. Long Term Debtors

31st March 2002 £000		31st March 2003 £000
206	Mortgagors re. Sale of Council Houses	157

4. Stocks

The stock at the year-end consisted of:

31st March 2002 £000		31st March 2003 £000
2	Postal Franker	6
125	General Stock Items held at the Council's Depot	115
2	Various Vending machines	2
1	Pest Control Poisons and Baits	1
2	Dolphin Centre Confectionery for Resale	2
132	Total	126

5. Debtors

31st March 2002 £000		31st March 2003 £000
	<u>Amounts falling due within one year</u>	
26	Employee related	11
660	Housing Rent (and Benefit) arrears	664
1,468	NNDR arrears	1,238
1,628	Council Tax arrears	2,642
40	DETR Subsidy	0
142	Housing Benefit Subsidy	0
170	Interest receivable	0
66	Rechargeable works	28
160	Government Departments	344
26	Other local authorities	0
22	Officers car loans	19
403	Payments in advance	446
1,384	Other debtors	126
6,053	Sub-total	5,518
	<u>Amounts falling due after one year</u>	
28	Car Loans to Employees	30
6,081	Gross Debtors	5,548
	<u>(Provision for Bad Debts):</u>	
-31	General Fund	-31
-1,662	Collection Fund	-1,270
-440	Housing Tenants	-395
3,948	Net Debtors	3,852

6. Cash In Hand and Bank

Cash in hand consists of petty cash imprest accounts held by various officers throughout the Council, plus cash and cheques not yet credited to the Bank Account.

31st March 2002 £000		31st March 2003 £000
2	Petty Cash	2
36	Cashiers	192
15	Leisure Centres	15
0	Bank	75
53	Total	284

7. Short Term Investments

These are surplus monies temporarily invested externally.

8. Creditors

2001-02 £000		2002-03 £000
31	Employee related	35
1,262	Sundry Creditors	433
227	Government Departments	260
45	Housing Rent prepayments	64
1,761	NNDR Pool Contributions	933
361	NNDR prepayments	303
439	Council Tax prepayments	474
208	Sewerage agency works	105
20	Contractors Deposits	20
86	Other creditors	2,334
4,440	Total	4,961

Included in the National Non-Domestic Rate Pool contribution balance is an amount of £1,761,049 in respect of balances prior to 31st March 2001. Discussions are currently underway with the Office of the Deputy Prime Minister and the external auditors to agree payment of this balance in 2004/05.

9. Borrowing – Short Term

This represents monies temporarily borrowed for less than twelve months.

10. Cash Overdrawn at Bank

This represents the net overdrawn balance at the bank.

11. Deferred Capital Receipts

Deferred capital receipts are amounts derived from the sale of assets, which will be received in instalments over an agreed period. The amount shown in the balance sheet relates to mortgages on the sales of council houses and the corresponding debt for this amount is included in the long-term debtors (*See Note 3*).

12. Fixed Asset Restatement Reserve

This account has to be maintained under the 2002 SORP. The balance represents the difference between the historic cost of the assets under the previous system of capital accounting and the valuation as at 31st March 2003. This account is written down by revaluation or disposals and will be debited or credited with any deficits or surpluses arising on future revaluations. This account at present is also debited with deferred charges.

	Housing £000	General Fund £000	Total £000
Balance as at 31st March 2002	46,353	1,808	48,161
Revaluation	78	0	78
Non-Enhancing costs written-off	-2,450	-1,303	-3,753
Disposals	-3,580	-515	-4,095
Balance as at 31st March 2003	40,401	-10	40,391

13. Capital Financing Reserve

The Capital Financing reserve contains the amounts, which are required to be set aside from capital receipts for the repayment of debt, and the amount of capital that has been financed by revenue, capital receipts and other contributions.

	Housing £000	General Fund £000	Total £000
Balance as at 31st March 2002	43,364	14,155	57,519
<u>Capital Financing in the year</u>			
- Capital Receipts	259	1,771	2,030
- Major Repairs Reserve	2,022	0	2,022
- Government Grants	0	217	217
- Provision for Credit Liabilities	41	0	41
- Capital Contributions	0	13	13
Depreciation in the Year	-1,884	-364	-2,248
Amortisation of Capital Contribution Applied	25	0	25
Appropriation to CRA re deferred charges		-443	-443
Minimum Revenue Provision	41	0	41
Use of MRP to finance Capital expenditure	-41	0	-41
Balance as at 31st March 2003	43,827	15,349	59,176

14. Provision for Credit Liabilities

The 2002 SORP requires the Council to this account to maintain a Provision for Credit Liabilities as a memorandum account. This represents the sums set aside from revenue (the minimum revenue provision) and from sales of assets in order to repay debt. The sums provided are included in the Capital Financing Reserve.

	Housing £	General Fund £	Total £
Balance as at 31st March 2002	20,117	1,255	21,372
Set Aside Receipts in Year	0	0	0
Minimum Revenue Provision	41	0	41
Use of MRP to finance Capital expenditure	-41	0	-41
Balance as at 31st March 2003	20,117	1,255	21,372

15. FRS 17 – Retirement Benefits

In accordance with FRS 17 ‘Retirement Benefits’, the Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlements.

The Council participates in the Worcestershire County Council Pension Scheme administered by Worcestershire County Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level estimated to balance the pension liabilities with the investment assets. The scheme is a defined benefit scheme. In 2002-03, pension costs have been charged to the Consolidated Revenue Account on the basis of contributions payable for the year to the Worcestershire County Council Pension Scheme based on the formal actuarial valuation.

The latest information of the Worcestershire County Council Pension Fund for funding purposes was as at 31st March 2001. The next formal valuation is due as at 31st March 2004. The information required under FRS17 has been provided by independent actuaries to the Fund.

The main assumptions used for FRS 17 are as follows:

Assumptions as at	31st March 2002 % per annum	31st March 2003 % per annum
Rate of Inflation	2.50	2.50
Rate of increased in salaries	3.75	3.75
Rate of increase in pensions	2.50	2.50
Discount rate	6.00	6.00

The fair value of the assets attributable to Bromsgrove District Council held by the Fund as at 31st March 2003 amounted to £19.371 million. The proportion of total assets held in each asset type and the expected return for each type is shown below:

Assets	31st March 2002			31st March 2003		
	Value £000	Proportion of Assets %	Expected rate of return %	Value £000	Proportion of Assets %	Expected rate of return %
Equities	18,337	78.7	8.00	13,502	69.7	7.50
Government Bonds	2,749	11.8	6.00	2,460	12.7	4.50
Other Bonds	559	2.4	6.00	2,015	10.4	5.40
Property	1,188	5.1	6.50	1,259	6.5	6.50
Other	467	2.0	6.50	135	0.7	3.75
Total	23,300	100.0		19,371	100.0	

The attributable liabilities of the Fund measured in accordance with FRS 17 amount to £30.478 million as at 31st March 2003 with a resulting deficit of £11.107 million. This liability is not included in the Consolidated Balance Sheet for the Council and should be borne in mind when considering the overall assets held by the Council. The net movement in the deficit is as follows:

	£000
Surplus/Deficit(-) as at 31st March 2002	-5,400
Current Service Cost	-769
Past Service costs	0
Employers Contributions	980
Past Service Cost/Curtailment Costs	0
Net Interest /Return on Assets	
- Expected Return on Assets	1,783
- Interest on Pension Liabilities	-1,724
Actuarial Gain/Loss(-)	-5,977
Surplus/Deficit(-) as at 31st March 2003	-11,107

The actuarial gain/loss for the year can be further analysed as follows:

Statement of Actuarial Gains and Losses	2002-03 £000	
Asset gain/loss(-)	-5,977	30.9% of assets
Liability gains/loss(-)	0	0% of liabilities
Change in assumptions	0	0% of liabilities
Net Gain/Loss(-)	-5,977	19.6% of liabilities

16. Post Balance Sheet Events

Following a Council decision to review the provision of housing services within the district, council tenants have voted to transfer the properties to Bromsgrove District Housing Trust which is a registered as a Social Landlord. The housing stock was transferred on 29th March 2004.

At its meeting on 3rd June 2004, the Council resolved to seek Voluntary Engagement with the Government in order to secure progressive improvement in the performance of the Council. This would enable the Council to receive advice, support and guidance from various Government appointed advisers whilst remaining in control of its own programme of improvement. This decision was taken against a background of Corporate Governance meetings with the Audit Commission who recognised the Council was making progress from the Inspections in 2001 and 2003 but considered the changes were being implemented too slowly. Additionally the Comprehensive Performance Assessment (CPA) for the Worcestershire District Councils was scheduled for September 2004. After preliminary work by Officers, it was assessed that it was likely that the Council would receive as 'weak' or 'poor' rating. The Council therefore also resolved to ask the Audit Commission for a deferral of CPA.

The Office of the Deputy Prime Minister has accepted the Council's application for Voluntary Engagement and a deferral of CPA. In line with Government policy has appointed the Minister with lead responsibility, the Lead Official and the Regional Link Officer.

STATEMENT OF TOTAL MOVEMENT IN RESERVES

Year Ended 31st March 2003

	CAPITAL						REVENUE				TOTAL £000
	FIXED ASSET RESTATEMENT RESERVE £000	CAPITAL FINANCING RESERVE £000	USABLE CAPITAL RECEIPTS RESERVE £000	CAPITAL CONTRIBUTIONS RECEIVED £000	CAPITAL CONTRIBUTIONS DEFERRED £000	MAJOR REPAIRS RESERVE £000	GENERAL FUND £000	EARMARKED RESERVES £000	COLLECTION FUND £000	HOUSING REVENUE £000	
Balance B/fwd	48,161	57,519	6,907	314	1,241	473	1,550	713	351	214	117,443
<u>Surplus/deficit(-)</u>											
- General Fund							-338				-338
- HRA										-191	-191
- Collection Fund								1132			1,132
Capital Contributions Received				2,564							2,564
Contributions to Revenue		-443				-134		-62			-639
Contributions from Revenue						1,884		107			1,991
Revaluation of Fixed Assets	78										78
<u>Effect on Disposal of Fixed Assets:</u>											
Cost of assets disposed of:	-4,095										-4,095
Proceeds from Disposal			6,130								6,130
<u>Use of proceeds from asset disposal:</u>											
Financing of fixed assets		4,282	-2,030	-13		-2,022					217
Minimum Revenue Provision used in financing fixed assets		41									41
Deferred charges		25									0
<u>Write-off Non-Enhancing</u>											
HRA	-2,450										-2,450
General Fund	-1,303										-1,303
<u>Depreciation:</u>											
HRA		-1,884									-1,884
General Fund		-364									-364
Balance C/fwd	40,391	59,176	11,007	2,865	1,216	201	1,212	758	1,483	23	118,332

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

1. Movements in Earmarked Reserves

The movement in earmarked reserves during 2002-03 was as follows:

	Balance as at 31st March 2002 £000	Contributions from Revenue £000	Contributions to Revenue £000	Balance as at 31st March 2003 £000
Building Control Partnership	0	6	0	6
Capital reserve	235	0	0	235
Computer Development	75	0	-38	37
Insurance Reserve	300	0	0	300
Lottery Reserve	6	0	0	6
Traffic Island Sponsorship	10	0	-1	9
Vehicle & Plant Replacement	87	101	-23	165
Total	713	107	-62	758

2. Major Repairs Reserve

The Council has established a Major Repairs Reserve for housing properties in compliance with an amendment to the Accounts and Audit Regulations 1996. The contribution to the Major Repairs Reserve is equal to the depreciation charge on Housing Revenue Account (HRA) assets. The contribution is funded within the HRA by the Major Repairs Allowance (MRA) which forms part of the housing subsidy received from the government. A schedule of movements during 2002-03 is given on page 20 in the Notes to the Housing Revenue Account.

3. Usable Capital Receipts Reserve

The usable Capital Receipts Reserve represents the capital receipts available to finance existing capital commitments and future capital expenditure, after setting aside the statutory amount to repay loans. The movements are as follows:

2001-02 £000		2002-03 £000
3,862	Balance as at 31st March 2002	6,907
4,094	Proceeds from disposal	6,081
-19	Capital transfers	49
-1,649	Financing of Fixed Assets	-1,909
0	Financing of LSVT costs prior to transfer	-121
619	Repayment of prior capital spend to be funded from s106 monies	0
6,907	Balance as at 31st March 2003	11,007

4. Capital Contributions Received

This represents the sums received from developers and other external sources, which are to be used to fund capital expenditure. Schemes to be funded are specific and often time limited. The movements are:

2001-02 £000		2002-03 £000
0	Balance as at 31st March 2002	314
946	Total contributions received	2,564
-619	Contributions applied refunded to Capital receipts	0
-13	Contributions applied in year	-13
314	Balance as at 31st March 2003	2,865

5. Capital Contributions Deferred

These sums represent the application of capital receipts to specific projects to be funded by developers contributions.

2001-02 £000		2002-03 £000
0	Balance as at 31st March 2002	1,241
1,266	Contributions applied	0
-25	Amortisation of deferred charges	-25
1,241	Balance as at 31st March 2003	1,216

CASH FLOW STATEMENT

Year Ending 31st March 2003

2001-02 £000		2002-03 £000
	Revenue Activities	
	Cash Outflows:	
8,673	Cash paid to and on behalf of employees	9,414
8,637	Other operating cash payments	15,703
3,989	Housing Benefit paid out	4,598
29,081	Precept payments	28,219
17,639	Non domestic rate payments to National Pool	17,890
68,019		75,824
	Cash Inflows:	
-4,387	Rents (after Rebates)	-4,444
-29,360	Council Tax receipts	-31,757
-1	Community Charge receipts	0
-3,187	Non domestic rates payments from National Pool	-3,567
-16,998	Non domestic rates receipts	-17,364
-247	Revenue support grant	0
-3,772	DSS grants for rebates	-4,388
-1,323	Other government grants (<i>See Note 1</i>)	-1,425
-8,716	Other income and charges	-14,432
-67,991		-77,377
28	Net cash inflow(-)/outflow from Revenue Activities (<i>See Note 2</i>)	-1,553
	Returns On Investments And Servicing Of Finance	
	Cash Outflows	
12	Interest paid (Net)	0
	Cash Inflows:	
-724	Interest received	-741
-712	Net cash inflow(-)/outflow from investments and servicing of finance	-741
	Capital Activities	
	Cash Outflows:	
2,934	Purchase of Fixed Assets	3,959
	Cash Inflows:	
-4,094	Sale of Fixed Assets	-6,082
0	Capital Grants	-372
-946	S106 Contributions	-2,564
-207	Other Capital Cash Receipts	
-2,313	Net Cash Inflow(-)/Outflow on Capital Activities	-5,059
-2,997	NET CASH INFLOW(-)/OUTFLOW BEFORE FINANCING	-7,353
	Management Of Liquid Resources	
0	Net increase/decrease in short term deposits	0
	Financing	
	Cash Outflows	
0	Repayments of amounts borrowed	
3,185	Net increase in investments (<i>See Note3</i>)	6,587
	New loans raised	
188	Net Increase(-)/Decrease in Cash (<i>See Note4</i>)	-766

NOTES TO CASH FLOW STATEMENT

The Cash Flow Statement summarises the outflows and (inflows) of cash arising from transactions with third parties for revenue and capital purposes.

1. Government Grants

Amounts received in respect of government grants (other than DSS for rebates and capital grants) are listed below:

2001-02 £000		2002-03 £000
1,130	Housing Subsidy	1,209
109	Administration Grant – Local Taxation	109
84	Benefit Administration Grants	107
1,323		1,425

2. Reconciliation of Deficit To Net Revenue Cashflow

2001-02 £000		2002-03 £000
566	Deficit on General Fund	325
58	Deficit on HRA	190
-267	Surplus on Collection Fund	-1,132
	Non Cash Transactions	
798	Contributions to(-)/from CFR	766
-2338	Contributions to(-) from AMRA	-2,248
-293	Contributions to(-)/from Bad Debt Provisions	0
-1	Transfer from Community Charge Collection Fund	0
0	Contribution to(-)/from Working Balances	13
-78	Contribution to(-)/from Earmarked Reserve	-45
345	Contribution to(-)/from Major Repairs Reserve	135
	Items on an Accruals Basis	
-83	Increase(-)/decrease in Creditors	-197
597	Increase/decrease(-) in Debtors	-96
12	Increase/decrease(-) in Stock	-5
	Items included in other classifications	
-12	Interest paid	
724	Interest received	741
28	Net cashflow from revenue activities	-1,553

3. Net Increase in Investments

2001-02 £000		2002-03 £000
0	PWLB repayments	0
3,185	New Temporary Borrowing	6,587
3,185		6,587

4. **Net Increase(-)/Decrease in Cash**

2001-02 £000		2002-03 £000
125	Decrease/(increase) in Cash Overdrawn	609
63	(Decrease)/Increase in Petty Cash and Cash in Hand	157
188	Decrease/(increase) in cash	766