



BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET

WEDNESDAY, 26TH OCTOBER 2005

AT 6.00 P.M.

COMMITTEE ROOM, THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE

MEMBERS: Councillors 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 website at www.bromsgrove.gov.uk/meetings

1. To receive apologies for absence
2. Declarations of Interest
3. To confirm the Minutes of Meeting of the Special Meeting of the Executive Cabinet held on 19th October 2005
4. Public Questions
5. To receive the Minutes of the Tenders Committee held on 4th October 2005
6. To receive the Minutes of the Member Development Working Group held on 24th October 2005
7. Issues arising from Overview and Scrutiny Committees:
8. Feedback following a Scrutiny Seminar on a Review of the Scrutiny Process (refer to the Report submitted to the Cabinet on 19th October 2005)
9. Revised Statement of Accounts 2003/2004
10. Single Status and Job Evaluation
11. Member Development - Budgetary Information
12. Bromsgrove Technology Park - Design Brief
13. Hackney Carriage Fares

14. Concessionary Fares - County-wide Scheme Proposal
15. To consider any other business, details of which have been notified to the Head of Legal and Democratic 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
Worcestershire
B60 1AA

17th October 2005

BROMSGROVE DISTRICT COUNCIL

SPECIAL MEETING OF THE EXECUTIVE CABINET

Wednesday, 19th October 2005 at 5.00 p.m.

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

Observers: Councillors Mrs. J. Dyer M.B.E., Mrs. K. M. Gall and D. C. Norton

97/05 **MINUTES**

The Minutes of the Meeting of the Executive Cabinet held on 28th September 2005 were submitted.

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

98/05 **REVIEW OF THE SCRUTINY PROCESS**

The Cabinet received a report on the outcome of a review of the Council's current Overview and Scrutiny Committees and scrutiny process which had taken into account the views of Members expressed in a survey, examples of best practice and examples of other authorities with a 'poor' or 'weak' CPA rating who had since reviewed their scrutiny processes. Having referred to the need to undertake further consultations on the proposals, it was

RESOLVED: that the proposals set out in the report be referred for consideration at a forthcoming Members Workshop on Scrutiny and then by Scrutiny Committees, with a view to any comments being reported back to a future Meeting of the Cabinet at which any recommendations will then be made to the Standards Committee and full Council as appropriate.

99/05 **DELEGATION FOR TEMPORARY STOP NOTICES**

The Cabinet considered a report on a proposal to delegate authority to officers to issue and serve Temporary Stop Notices in order to permit rapid action to be taken where the contravention of planning controls was likely to occur or had occurred. Members were also informed of the related need to delegate authority to officers to issue Enforcement Notices, which would require a separate report to be submitted to the Planning Committee. Following discussion, it was

RESOLVED:

- (a) that approval in principle be given to the delegation of authority to officers to issue and serve Temporary Stop Notices;
- (b) that the process identified in the report for the authorisation of such Notices be endorsed;
- (c) that the Standards Committee be requested to recommend the approval of the proposed delegation and procedures;
- (d) that in view of the imminence of the next meeting of the Standards Committee, the decision on this matter be not subject to the Council's scrutiny call-in procedure.

100/05 **PRIORITIES 2006 / 2007**

Consideration was given to a report on the need to agree priorities for the Council for the forthcoming municipal year in order to drive the review of the Medium Term Financial Plan, the organisational restructuring and the development of Service Business Plans. It was acknowledged that the Council within its self assessment had

given a commitment to achieving recovery by March 2007. It was also recognised that priorities were short-term and that areas of non-priority would change beyond the recovery period and might become a priority in the future to achieve the long term objectives of the Council. It was

RECOMMENDED: that the Council priorities for the 2006/2007 municipal year be as follows:

1. To achieve recovery by March 2007.
2. To fulfil statutory duties and 'sensitive' areas adequately.
3. 'Putting Bromsgrove first' and the Local Area Agreement.
4. To consider Non-Priorities.

101/05

SHARED SERVICES

Consideration was given to a report on the way forward with regard to Shared Services, during which reference was made to a forthcoming meeting of Leaders and Chief Executives from the six districts within the County to consider the Shared Services agenda. It was

RESOLVED: that the Shared Services philosophy be agreed in principle but that in view of the meeting referred to above, further detailed consideration of the matter be deferred to a future Meeting of the Cabinet.

102/05

PERFORMANCE MANAGEMENT BOARD - TERMS OF REFERENCE

Having considered the proposed terms of reference for the Performance Management Board, it was

RESOLVED: that the terms of reference and list of reports to be considered by the Performance Management Board, as set out in Appendix 1 to the report, be approved.

The Meeting closed at 5.22 p.m.

Chairman

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE TENDERS COMMITTEE

Tuesday, 4th October 2005, at 10.00 a.m.

PRESENT: Councillors Mrs. J. M. L. A. Griffiths (substituting for Councillor R. Hollingworth), and S. P. Shannon (substituting for Councillor G. H. R. Hulett)

01/05 **ELECTION OF CHAIRMAN**

RESOLVED: that Councillor Mrs. J. M. L. A. Griffiths be elected as Chairman for this meeting.

02/05 **MINUTES**

The Minutes of the Meeting of the Tenders Committee held on 7th April 2005 were submitted.

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

03/05 **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 an 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 paragraphs of that part being as set out below:-

<u>Minute No.</u>	<u>Paragraphs</u>
04/05	7, 8 and 9

04/05 **BALLCOURT AT ST. CHAD'S PARK, RUBERY**

Following the opening of the tenders received, it was

RESOLVED:

- (a) that the tenders be noted;
- (b) that a best value assessment be undertaken by Officers; and
- (c) that authority be delegated to the Head of Culture and Community Services in agreement with the Portfolio Holder for Leisure to accept the tender which is considered to provide the best value within the budget figure, following the assessment referred to in (b) above.

The Meeting closed at 10.25 a.m.

Chairman

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE MEMBER DEVELOPMENT WORKING GROUP

Monday, 24th October 2005, at 6.00pm

PRESENT: Councillors C. B. Lanham (Chairman), Mrs. K. M. Gall (Vice-Chairman), A. L. Deakin, G. N. Denaro, B. L. Fuller C.B.E.,Q.F.S.M., D. Hancox, Ms. J. A. Marshall, N. Psirides J.P., C. R. Scurrall and E. C. Tibby.

24/05 **MINUTES**

The Minutes of the Meeting of the Working Group held on 12th September 2005 were submitted.

RESOLVED: that the Minutes of the Meeting held on 12th September 2005 be approved and confirmed.

25/05 **IDeA LEADERSHIP ACADEMY**

Arising from the Minutes, it was noted that as yet no Member of the Cabinet had been nominated to take up the free place on the IDeA Leadership Academy Programme.

26/05 **IT ISSUES**

The Chairman introduced Mr. Chris Morrison, Interim Head of E.Government and Customer Service to the Meeting. Mr. Morrison gave a presentation on the work of the ICT Section and IT issues in the Authority, including security and equipment matters and answered Members' questions on a range of IT areas. It was noted that it was intended to submit a detailed report to Cabinet in November, setting out options for the future development of ICT and E.Government in Bromsgrove, including security and disaster recovery issues.

During the discussion, Members raised the following matters which it was felt required to be addressed or receive further consideration:-

- (i) a copy of the Protocol on Members' Use of IT at home to be re-circulated to all Members and it should be ensured that all Members have signed the necessary agreement;
- (ii) any additions/amendments to Members' e-mail addresses to be circulated regularly both to Officers and Members. It would also be useful to have the use of global addresses, i.e., "all Councillors";
- (iii) arrangements to be made for two volunteer Councillors (Councillor Deakin and Councillor Lanham) to receive all communications from the Council electronically on a pilot basis;
- (iv) that when Members' laptops require maintenance or updating, a facility be introduced whereby the laptop can be left at The Council House by the Member concerned and collected later when the work has been carried out;
- (v) Members need to ensure their web pages are up to date or to request the IT Section to carry out the update.

Mr. Morrison undertook to follow up these matters.

In particular, all Members were concerned that some documents were still submitted to meetings which did not have the pages numbered and it was

RECOMMENDED: that all Officers submitting reports and other documents to meetings be required to ensure that pages are clearly numbered.

27/05

NEXT MEETING OF THE WORKING GROUP

It was agreed that the next Meeting of the Working Group be held at 6.00 p.m. on Thursday, 12th January 2006.

The Meeting closed at 7.10 p.m.

Chairman

BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET - 19TH OCTOBER 2005

REVIEW OF THE SCRUTINY PROCESS

Responsible Portfolio Holder	
Responsible Head of Service	Head of Legal and Democratic Services

1. SUMMARY

1.1 To consider a review of the Council's Overview and Scrutiny Committees.

2. RECOMMENDATION

1.1 That the revised Scrutiny Committee structure, as set out in paragraph 3.16, and the terms of reference for the Overview and Scrutiny Committee, as set out in paragraph 3.18, be approved.

1.2 Members are requested to decide whether to adopt a system of a fixed number of Task Groups or the creation of ad hoc Task Groups, as detailed in paragraph 3.17.

1.3 That the terms of reference for the Task Groups, as set out in paragraph 3.19, be approved

1.4 That the revision to the call in procedure, detailed in paragraph 3.20, be approved.

1.5 That the system of using criteria for to establish the need to carry out a particular scrutiny exercise, as detailed in paragraphs 4.5 to 4.8, together with the use of the scrutiny proposal form, as set out in the appendix to the report, be approved and adopted.

1.6 That new working methods, as set out in paragraphs 4.9 - 4.18 inclusive, be approved and adopted.

1.7 That the Standards Committee and the Council be recommended to approve necessary amendments to the Council's Constitution arising from the approval and implementation of the revised Overview and Scrutiny Committee System.

1.8 The Head of Legal and Democratic Services be authorised to arrange a calendar of meetings for the Overview and Scrutiny Committee for the remainder of the current municipal year.

3. BACKGROUND

- 3.1 The system of scrutiny committees was introduced as a consequence of the Local Government Act 2000.
- 3.2 As part of the Recovery Plan process the Council has undertaken to carry out a complete review of its scrutiny committees.
- 3.3 This review takes in to account
 - Views of members expressed in a recent survey
 - Examples of best practice from across the country
 - Examples of other authorities which have received a “poor” or “weak” CPA rating and who have since reviewed their scrutiny processes
 - Reviews of scrutiny arrangements carried out by other authorities
 - Advice taken from the Centre for Public Scrutiny document “Overview and Scrutiny - Guidance for District Councils”
 - Analysis carried out using the Centre for Public Scrutiny “Self evaluation framework for Overview and Scrutiny in local government”
 - The recent establishment of a Performance Management Board

THE CURRENT SYSTEM

- 1.1 Bromsgrove currently has three Scrutiny Committees each consisting of 13 members. Within their terms of reference, Overview and Scrutiny Committees:
 - (a) review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council’s functions;
 - (b) make reports and/or recommendations to the full Council and/or the executive in connection with the discharge of any functions;
 - (c) consider any matter affecting the area or its inhabitants;
 - (d) exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the executive and/or any policy or area Committees; and
 - (e) consider best value reviews.
- 1.2 The terms of reference of the Committees are as follows

Policy and Strategy	<ul style="list-style-type: none">• Local democracy and the achievement of effective, transparent and accountable decision making by the Council• The Council's budget, the management of its budget, capital, revenue borrowing and assets (including land and people) and its audit arrangements• The provision, planning, management and performance of the Council's central services, including support services, best value, the community plan and any other Council function not otherwise addressed by any other Committee
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Housing and Planning Policy	<ul style="list-style-type: none"> • The provision, planning, management and performance of the Council's housing, town and country planning, building control and other technical services • The physical, social and economic environment and welfare of Bromsgrove, including the provision, planning and management of its housing and the built environment
Health and Leisure	<ul style="list-style-type: none"> • The provision, planning, management and performance of the Council's leisure and environmental health services • The holding to account of health authorities, as proposed under the NHS Plan.

3.6 The existing Committees were based largely upon an amalgamation of the former Housing, Recreation, Amenities and Tourism, Policy and Resources, Planning and Highways and Environment and Health Committees. The linkage to the old Committee system has not enabled members to break away from that system and fully embrace the new requirements of Overview and Scrutiny.

3.7 It is clear from comments received from members that they consider that the current Overview and Scrutiny Committee arrangements are not working as well as had been anticipated. Comments submitted by Members included:-

- *Limited effectiveness to date due to lack of capacity to improve*
- *It has not been effective because the historic system of officers and Executive cabinet formulating policy has been continued*
- *Rather patchy and differs from one Committee to another*
- *Have not seen much evidence to date of scrutiny being involved in development of policy - more emphasis on review of services rather than policies. In summary I don't think scrutiny works at a strategic policy level.*
- *I do not believe that scrutiny is very effective at all. The people concerned are trying to use it like the old Committee system and for purely political reasons. There have been odd occasions when something good has come from it but on the whole it is used by councillors trying to find something to do. We are at fault for not organising it properly.*

3.8 Members identified in the survey that they felt that the use of Task Groups had been the most effective part of the current scrutiny process. When asked how useful they felt the use of Task Groups had been several Members said: they had been "very useful" and other comments included-

- *Useful in experimenting with different types of enquiries*
- *Has to be the only way to scrutinise properly*
- *The Task Groups have raised the profile of certain topics. They have increased member interest.*
- *Very useful to look at some issues in depth.*
- *Most helpful and beneficial I have found them most informative and you learn a lot from the Task Groups to pass on to others*
- *The only one I can judge on is Refuse. The feedback from that Task Group was excellent and very beneficial. The museum Task Group is only in its early stages but should be beneficial.*

- *In some areas of work this has been successful, improvements could be made by always looking at the financial implication*

3.9 In the response to the survey members have identified the need to change the way the scrutiny process works. Members suggested improvements included:-

- *Having an over-arching scrutiny chair with powers*
- *We need to assess subjects against our risk/outcomes guidelines rather than acting on a whim*
- *More selective in policy or service that is to be scrutinised*
- *Some “policies” could have been discussed and proposed by the Scrutiny Committees*
- *We need long term future plans from executive with items mapped for each Scrutiny Committee from this other flexibility can then be added on.*
- *Earlier involvement in new projects.*
- *Scrutiny and Overview may be even more effective if there were less items to be scrutinized and more time spent on each of the discussions. Each scrutiny done more thoroughly.*
- *All members of Scrutiny Committees need to be positively engaged in what is possible to achieve.*
- *I think the number of scrutiny panels should be reduced to one and the guidance they are given should be to concentrate on identified problem area to see why they are not working and to find out what the public thinks about it. They are currently inward looking.*

3.10 There is a need to ensure that the scrutiny process becomes more effective. It needs to be able to assist the council achieve its priorities, review its performance, develop policies, hold the Executive to account and allow members the opportunity to raise issues of concern to residents of the District. Scrutiny should result in improved value, quality of service and enhanced performance.

3.11 Officers are also aware of the strengths and weaknesses of the current system and have undertaken considerable research in to what may be the most appropriate ways of carrying out the Overview and Scrutiny role. There are two main aspects to improving the scrutiny process. One is to ensure that the correct structures are in place to enable good scrutiny to be carried out. The second is promoting effective ways of working.

PUTTING THE RIGHT STRUCTURES IN PLACE

3.12 There is no right or no wrong approach to how Scrutiny Committees should be organised though some are viewed as being better than others. The Centre for Public Scrutiny has stated

“There is no ‘ideal type’ Overview and Scrutiny structure; Local circumstances will dictate the most appropriate Committee structure. Those authorities where Overview and Scrutiny is struggling tend to be those where party politics predominate and where Councillors are struggling to move away from the old Committee system.”

3.13 The need for a review of the scrutiny process has been identified in the Recovery Plan and the comments from members. Examples from other authorities demonstrate that in order to make scrutiny an effective tool for the Council there is a need to move away from the current three Scrutiny Committees and instead adopt a revised approach, which enables scrutiny to make a proactive and positive contribution to the work of the Council.

3.14 Whilst each Council will operate its scrutiny function in a slightly different way from others, many authorities have adopted a structure which provides an overarching Committee which

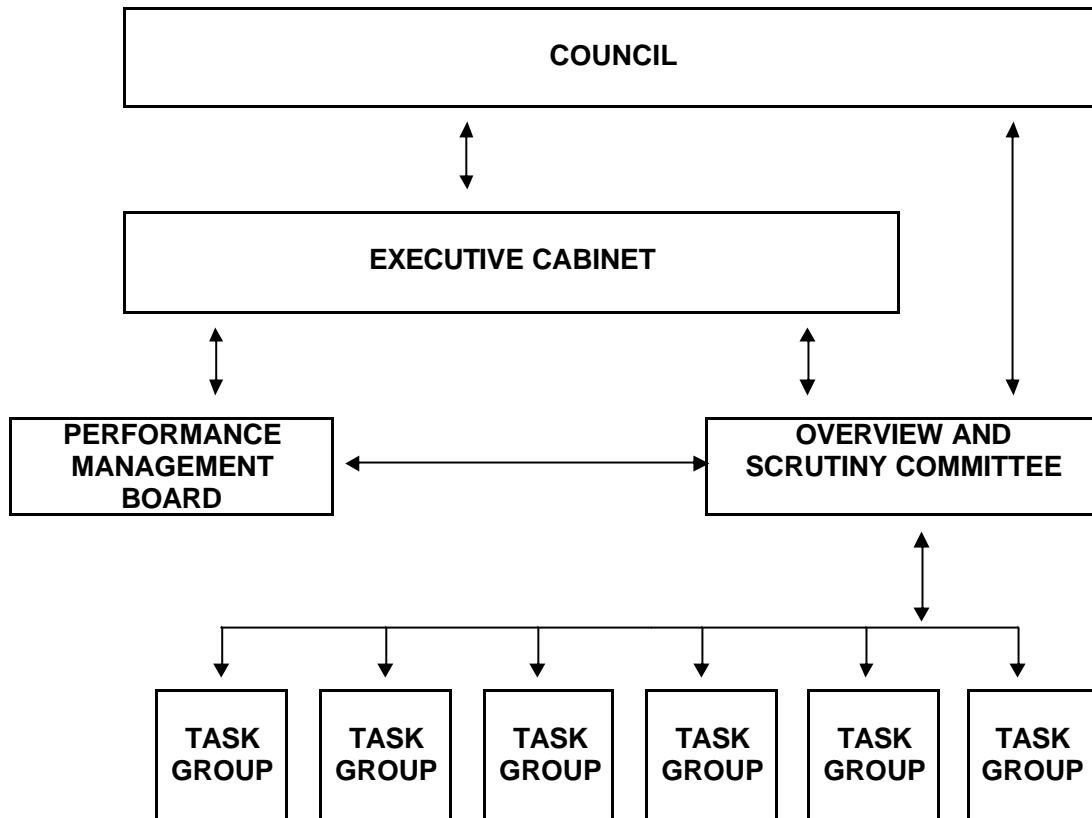
- reviews the scrutiny work programme
- considers proposals for scrutiny
- considers the Executive Cabinet's Forward Plan
- monitors the work of the Task Groups
- considers the final reports of the Task Groups and make recommendations to the Executive Cabinet

This Committee decides the scrutiny work programme and then allocates work to Task Groups which report to it. The Task Groups will only carry out one scrutiny exercise at a time but will do so in depth and investigate the subject thoroughly.

3.15 The benefits of such a system are that

- The Committee can co-ordinate and prioritise the scrutiny exercises which are carried out
- It allows the development of structured scrutiny work programme
- Scrutiny can assist the Council to develop or review policies which in turn can enable the Council to achieve its priorities
- It still allows the Executive to be held to account
- It breaks the link with the old Committee system
- As there is only one Committee, it can select any issue affecting the Council and ask for a Task Group to look at it.

1.1 The review proposes therefore that this Council adopts such a scrutiny system and that the current three Committees are replaced with one Committee. This Committee will be responsible for co-ordinating all the scrutiny work. The membership of the Committee would remain at the current number of 13 which will allow all groups on the council to be represented. The scrutiny reviews will be carried out by a number of Task Groups. There are two options (set out in the following paragraph) in relation to the Task Groups either that there will be a fixed number of Task Groups and the scrutiny reviews will be allocated to each Task Group on the basis of their existing workload or that ad hoc Task Groups are appointed to deal with individual pieces of scrutiny work as they arise. The diagram below shows how this would work in practice.



TASK GROUP OPTIONS

3.17 In order for Task Groups to be effective it is essential that they continue to have the same small size as present. It is therefore suggested that Task Groups should have a membership of no more than seven councillors. As stated above there are two options for the Task Groups.

Fixed number of Task Groups

The first option is to establish a fixed number of Task Groups each with an agreed membership. The effect of this would be that

- Non executive members would be allocated a place or places on the various Task Groups. Members would know which body they served on and once the work programme has been formulated and agreed which matters that Task Group would be working on.
- Because the Task Groups would be permanent, they would fall under the requirements to allocate seats on a proportional basis. Due to the small size of the Task Groups it is likely that the smaller groups on the Council would not be allocated seats on every Task Group, although they would be represented on some Task Groups.
- Work would be allocated to Task Groups in turn or depending on their workload. This may mean that members of a particular Task Group are asked to scrutinise matters in which they have little or no interest or specialised knowledge.
- If all the Task Groups were busy working on scrutiny reviews other matters which have been added to the scrutiny work programme would have to wait until a Task Group became available to begin a new piece of work.

Ad Hoc Task Groups

The second option is that the Overview and Scrutiny Committee would establish ad hoc Task Groups to undertake individual scrutiny reviews on a “task and finish” basis.

The effect of this would be :-

- Members would serve on permanent bodies but would be appointed to a Task Group established for a particular purpose by the Overview and Scrutiny Committee.
- Because Task Groups would be appointed on an ad hoc basis they would not fall under the requirements to allocate seats on a proportional basis. Members would be appointed in a personal capacity without regard to their membership of any political group. This would allow greater flexibility of membership and more opportunity for cross party working.
- Task Groups would be established to respond to the need to carry out scrutiny reviews and could therefore react quickly to the need to carry out particular pieces of work.
- Would allow individual members to take part in reviews on matters in which they have an interest or specialised knowledge.

3.18 PROPOSED TERMS OF REFERENCE FOR THE OVERVIEW AND SCRUTINY COMMITTEE

1. The Overview and Scrutiny Committee will oversee and co-ordinate the scrutiny and review of any of the Council’s functions, and the performance of other public bodies whose work affects the residents of the District.
2. The Overview and Scrutiny Committee will oversee and co-ordinate the scrutiny and review process through:
 - co-ordination of the policy development and review programme in accordance with the overall framework set by Council, and agree the terms of reference of each review and monitor progress of these reviews against the programme;
 - determination of the scrutiny work programme;
 - to allocate scrutiny reviews listed in the scrutiny work programme to the Task Groups;
 - consideration of requests for reviews or investigations from individual members, the Executive Cabinet, the Performance Management Board and/or Council; and
 - consideration of decisions of the Executive Cabinet which have been called-in.
3. The Overview and Scrutiny Committee will, following scrutiny or in-depth analysis of policy issues by the Task Groups, consider reports prepared by those Groups and make recommendations to the Executive Cabinet or where appropriate the Council, on the development of the Council’s budget and policy framework.
4. The Overview and Scrutiny Committee may consider any matter affecting the District and its inhabitants.
5. The Overview and Scrutiny Committee will report annually to Council on its work and make recommendations for future work programmes and amended working methods if appropriate.

3.19 TERMS OF REFERENCE OF THE TASK GROUPS

1. Each of the Task Groups will be composed of no more than seven elected members.
2. Each task group may co-opt no elected members to serve on the task group. Co-opted members will be able to contribute to the debates and work of the task group but will not be able to vote on any decisions made by the task group.
3. The Task Groups will carry out scrutiny reviews allocated to them by the Overview and Scrutiny Committee.
4. The Task Groups will keep the Overview and Scrutiny Committee informed of the progress of each scrutiny review and will produce a report (which may or may not include recommendations) for consideration by the Overview and Scrutiny Committee at the end of the review.

CALL IN

- 3.20 The reduction of the number of Scrutiny Committees from three to one will necessitate a revision to the call in procedure which is set out in the Council's constitution. At present, call in can be generated by any three members of the relevant Scrutiny Committee. This could be changed, for example, to any five members of the Council who represent at least two of the political groups on the Council.

4. NEW WAYS OF WORKING

- 4.1 The Centre for Public Scrutiny has developed four principles of good scrutiny, namely that effective public scrutiny:
- *provides a critical friend challenge to Executives as well as external authorities and agencies;*
 - *reflects the voice and concerns of the public and its communities;*
 - *takes the lead and own the scrutiny process on behalf of the public; and*
 - *makes an impact on the delivery of public services*
- 4.2 In order to ensure that the scrutiny function operated by this Council meets those principles it is necessary to review not only the structures for carrying out scrutiny but also the way scrutiny works. Set out below are some of the major issues which need to be addressed. This is not an exhaustive list but should be seen as a starting point. Scrutiny is a constantly evolving process and other issues will arise through the operation of the scrutiny process, the development of new ways of working or best practice by other authorities or through member development.

CRITERIA FOR SCRUTINY

- 4.3 At the scrutiny training session held in February 2005 members were advised that some authorities have adopted a system where any matter suggested as a subject for scrutiny needs to demonstrate how doing so would be of benefit to the Council. It is proposed to introduce a similar system.

4.4 Any non executive member will be able to propose that a matter be the subject of scrutiny. Members would be expected to complete a scrutiny proposal form, a copy of which is attached. The form defines the subject the member wishes to see scrutinised and the reasons why the member thinks it is a suitable subject for scrutiny. It also begins the scoping process by outlining the range of witnesses the member feels should be invited to give evidence.

4.5 With the exception of matters which are the subject of the call in procedure, in order to be added to the scrutiny work programme a subject should meet at least two of the criteria set out below. The more criteria the subject meets the greater priority the Scrutiny Committee will need to give the proposal.

- It is an area of council activity which has been identified as performing poorly
- It is an area of concern identified by CPA/external audit
- It is a corporate plan priority
- It is a government priority area
- It is an external priority area
- It is of key interest to the public
- It has a high level of budgetary commitment
- There is a pattern of overspending or under spending
- It is new government guidance or legislation
- It is a proposed new policy for the Council
- It is a review of an existing Council policy to enhance the service provided
- It effects more than three wards within the District
- It is an area which affects not only Bromsgrove but also one of the neighbouring authorities
- It concerns the work of an external organisation or agency whose work has a direct affect on the health or well being of the residents of the District
- It is a review of progress made since a previous scrutiny exercise
- It is a post implementation review of a new policy or way of working

4.6 However if the subject suggested for scrutiny falls in to one of the following categories will not be added to the work programme:-

- The issue has already been the subject of a "Call in"
- The issue is already being considered by the Executive
- The issue is already being scrutinised or relates directly another currently active scrutiny exercise
- The issue is already being considered by an officer group who will be submitting a report to the Executive in the near future
- The issue is already programmed to be reviewed (e.g. as part of a Best value review) within the next year
- The issue has already been scrutinised within the last year
- New legislation or government guidance is expected on the issue within the next year

1.1 Some authorities which use a similar system have developed a scoring matrix by which scrutiny topics can be prioritised. It is not considered appropriate or necessary to introduce such a matrix at this point though such a system could be introduced at a later date.

- 4.8 One of the consequences of the change to this system is that it will allow members to become more focused on carrying out effective scrutiny and will spend less time considering reports presented for information or for noting.

HOLDING THE EXECUTIVE TO ACCOUNT

- 4.9 One of the most important roles of the scrutiny process is to hold the Executive to account. This should not be a negative experience in which the Scrutiny Committee merely criticises the Executive. Instead the Scrutiny Committee should be acting as a critical friend. Where criticism is required it should be done in a proactive way, one in which the perceived problems are highlighted and positive, solutions, backed by costed evidence, are provided.
- 4.10 One of the most common and effective ways of holding the Executive to account is for Scrutiny Committees or Task Groups to invite the relevant portfolio holders to attend their meetings and for members to give evidence and to answer questions on the subject. Currently Portfolio Holders are not generally expected to speak to Scrutiny Committees about the areas for which they are responsible this is generally left to officers. In many other authorities it is the portfolio holder who is expected to present reports and to give the case why the Cabinet may have made a particular decision or is proposing a policy. Likewise Scrutiny Committee chairmen are not expected to attend and address cabinet meetings to present the recommendations arising from a scrutiny exercise. In many places both of these are quoted as examples of good practice as they give the members ownership of the workload of the Council and members do not have to rely on officers so much. By taking responsibility for areas of the Council's work members gain a better and more detailed knowledge of the issues.

CROSS PARTY WORKING

- 4.11 An important role of overview and scrutiny is the promotion of cross party working. The scrutiny function should be carried out in spirit of co-operation and where individual party politics are not a predominant feature. It demonstrates a Council that is able to provide constructive criticism, informed and reasoned advice, opinions and recommendations for the Executive Cabinet to consider. This is recognised nationally as best/ good practice.

PERFORMANCE MANAGEMENT

- 4.12 The Executive Cabinet at its meeting held on 22 June 2005 approved the establishment of a Member Performance Management Board. That Board will have overall responsibility for monitoring progress and performance against the Council's strategic objectives and key Performance Indicators. It will review, challenge and drive overall progress and performance by considering bi-monthly reports. In addition, it will be able to call in exception reports on unsatisfactory performance and consider proposals for improvement. This will remove the need for the Scrutiny Committee to receive the regular performance indicator reports. However it will not prevent the Scrutiny Committee from deciding to scrutinise performance reports and detailed reports on specific issues of concern. The Scrutiny Committee will be able to examine in detail how performance in a specific area might be improved, unsatisfactory performance rectified or alternative approaches to providing a specific service

BUDGET MONITORING

- 4.13 The Council is legally required to refer major policy documents including at the highest level the budget to a Scrutiny Committee for consideration. The formal budget consultation will therefore continue with the draft budget being considered by the Overview and Scrutiny Committee. This will be supplemented by one or more separate presentations to members on the draft budget which will allow members the opportunity to ask questions and seek clarification on detailed aspects of the budget. The Overview and Scrutiny Committee will also have the ability to refer to one of the Task Groups specific areas of the budget for more detailed scrutiny.

INFORMATION REPORTS

- 4.14 The work of the Overview and Scrutiny Committee will concentrate on
- reviewing the scrutiny work programme
 - considering proposals for scrutiny
 - considering the Executive Cabinet's Forward Plan
 - monitoring the work of the Task Groups
 - considering the final reports of the Task Groups and making recommendations to the Executive Cabinet

Consequently as well as not receiving regular reports on performance indicators (see above) the Scrutiny Committee will no longer consider reports for information, to be noted, minor update reports, or updates on other areas of performance (e.g. numbers of officer recommendations overturned by Planning Committee). Such reports are a hang over from the old Committee system and should form no part the work of the Scrutiny Committee. If members still require such information it can be provided in the fortnightly "Briefly Bromsgrove" bulletin or any subsequent members' information newsletter.

TRAINING

- 4.15 Members have received three training sessions on the role, purpose and structures of scrutiny and have recently highlighted the need for training on scrutiny effectiveness. There will be a need to review training available for members and to provide further training as appropriate.
- 4.16 To date there has been little if any training for officers which has been specifically related to scrutiny. Officers are or can become involved in the scrutiny process at various times and it is important that to support and develop their understanding of the role of scrutiny. Such training should be aimed at the range of officers at various levels within the organisation who become involved in scrutiny reviews. This will allow them a better understanding of the role of scrutiny and what they can do to ensure that it is an effective tool for the Council.

PUBLIC ENGAGEMENT

- 4.17 The Centre for Public Scrutiny has identified that *"Effective public scrutiny should reflect the voice and concerns of the public and its communities, should own the process on behalf of the public and should make an impact on the delivery of services."* But has also acknowledged that *"It is highly unlikely that people will care about investigations into internal matters such as departmental recharges or procurement*

initiatives. In selecting topics of inquiry, attention should be paid to public priorities and issues of local concern."

4.18 To date little has been done to raise the public profile of the scrutiny process. The Museum Task Group issued a press release and made use of the web site to attract comments from the public on the future of the Museum. If this process was followed at the beginning of each scrutiny exercise it would demonstrate the range of scrutiny work being undertaken. Members can be encouraged to proposed items for scrutiny which are more likely to encourage the public to become engaged in the scrutiny process. The web site currently offers the public the opportunity to suggest topics which members could scrutinise but this has so far generated very few suggestions.

5. Financial Implications

5.1 There are no financial implications arising from this report.

6. Legal Implications

6.1 Section 21 of the Local Government Act 2000 states

21. (1) Executive arrangements by a local authority must include provision for the appointment by the authority of one or more Committees of the authority (referred to in this Part as Overview and Scrutiny Committees).

(2) Executive arrangements by a local authority must ensure that their Overview and Scrutiny Committee has power (or their Overview and Scrutiny Committees have power between them)-

(a) to review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the executive,

(b) to make reports or recommendations to the authority or the executive with respect to the discharge of any functions which are the responsibility of the executive,

(c) to review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are not the responsibility of the executive,

(d) to make reports or recommendations to the authority or the executive with respect to the discharge of any functions which are not the responsibility of the executive,

(e) to make reports or recommendations to the authority or the executive on matters which affect the authority's area or the inhabitants of that area.

6.2 Sections 15 - 17 of the Local Government and Housing Act 1989 relate to the duty to allocate seats on Committees in accordance with the political balance on the Council.

Background Papers

Results of survey of Bromsgrove District Councillors on attitudes towards the scrutiny process.

Bromsgrove District Council "A Guide to Overview and Scrutiny"

Centre for Public Scrutiny document "Overview and Scrutiny - Guidance for District Councils"

Centre for Public Scrutiny "Self evaluation framework for Overview and Scrutiny in local government"

Kerrier District Council Review of Overview and Scrutiny report dated 16 April 2003

Kerrier District Council Overview and Scrutiny Annual report 2003/2004

Maidstone Council Overview and Scrutiny E-Bulletin

Malvern Hills District Council Constitution

North East Lincolnshire Council "IDeA Overview and Scrutiny Check Up Final Report February 2005"

Rossendale Borough Council "Scrutiny Pack"

Rushcliffe Borough Council "Performance Management Board" leaflet

Swindon Borough Council "Review of Scrutiny Arrangements" Final Report

Torbay Borough Council "Review of Overview and Scrutiny in Torbay Council" Report by Professor Steve Leach

Wychavon District Council Constitution

Contact officer

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OVERVIEW AND SCRUTINY COMMITTEE

SCRUTINY PROPOSAL

Name of Councillor :

General Subject Area to be Scrutinised:

Specific Subject to be Scrutinised

.....
.....
.....
.....
.....

This subject should be scrutinised because it meets at least two of the following criteria (please indicate which)

- It is an area of council activity which has been identified as performing poorly
- It is an area of concern identified by CPA/external audit
- It is a corporate plan priority
- It is a government priority area
- It is an external priority area
- It is of key interest to the public
- It has a high level of budgetary commitment
- There is a pattern of overspending or underspending
- It is new government guidance or legislation
- It is a proposed new policy for the Council
- It is a review of an existing Council policy to enhance the service provided
- It effects more than three wards within the District
- It is an area which affects not only Bromsgrove but also one of the neighbouring authorities
- It is a review of progress made since a previous Scrutiny exercise
- It is a post implementation review of a new policy or way of working

Should the relevant Portfolio Holder(s) be invited to give evidence? YES/NO

Should any Officers be invited to give evidence? YES/NO

If yes, state name and/or post title:.....
.....
.....

Should any external witnesses be invited to give evidence? YES/NO

If so, who and from which organisations?
.....
.....
.....
.....

Should the Task Group receive evidence from other sources other than witnesses? If so, what information should the Task Group wish to see and from which sources should it be gathered?.....

.....
.....
.....
.....

Should a period of public consultation should form part of the Scrutiny exercise? YES/NO

If so on what should the public be consulted?

.....
.....

Will the Scrutiny exercise cross the District boundary and, if so, should any other authorities be invited to participate?

.....
.....
.....

Would it be appropriate to co-opt anyone on to the Task Group whilst the Scrutiny exercise is being carried out? YES/NO

If so who and from which organisations?

.....
.....

Signed

Councillor.....

Date.....

BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET

WEDNESDAY 26TH OCTOBER 2005

STATEMENTS OF ACCOUNTS 2003/2004

Responsible Portfolio Officer	Councillor Roger Hollingworth
Responsible Head of Service	Kevin Dicks, Corporate Director of Resources

1. **Summary**

1.1. To re-present to Members the Statement of Accounts for the year ended 31st March 2004.

2. **Recommendation**

2.1. That the Statement of Accounts for the year ended 31st March 2004 amended following examination by the external auditor be noted.

3. **Background**

3.1. The unaudited Statement of Accounts for the year ended 31st March 2004 was approved at Council on 24th May 2005 in accordance with the Accounts and Audit Regulations 2003. As reported at the time the Council did not meet its statutory responsibility to report the Statement of Accounts for 2003/2004 to Members by 31st August 2004 due to the late completion of the 2001/2002 and 2002/03 accounts.

3.2. Regulation 18(4) of the Accounts and Audit Regulation 2003 requires that if as a result of the auditors review work any material amendment is required to the statement of accounts, these amendments be reported back to Council. The Statement of Accounts amended following examination by the external auditor is attached at Appendix A.

3.3. In accordance with Section 14 of the Accounts and Audit Regulations 2003, the Statement of Account for 2003/2004 and 2004/2005 are available for inspection by any persons interested for 20 working days to Friday 28th October 2005.

3.4. The external auditor has appointed Monday 31st October 2005 as the date on or after which a local elector for the area or their representative may question the auditor about the accounts and may make objections to the accounts. The external auditor will not therefore provide an audit opinion until after this date and after the Statement of Accounts has been approved by full Council.

3.5. A number of adjustments have been made to the accounts following the audit examination. A summary of the adjustments is as follows:

- An explanation in the Foreword detailing how the issues listed in the external auditors' disclaimer audit opinion on the Statement of Accounts for the year ended 31st March 2003 have been reviewed and resolved.
- The income in the Housing Revenue Account (HRA) has been increased by £327k which has changed the HRA carried forward balance as at 31st March 2004 from a deficit to a surplus. This adjustment is the application of income in respect of Supporting People which was initially excluded from the Housing Revenue Account. The balance on Debtors in the Consolidated Balance sheet has been increased for this adjustment.
- The Collection Fund Revenue Balance in the Consolidated Balance sheet has been increased by £132k. This is in respect of the transfer of prior year adjustment credit balances from the NNDR Pool Account creditor balance.
- Government Department Debtors included in Consolidated Balance Sheet has been increase by £104k and suspense account reduced by £104k. This adjustment is to correct a miscoding of cash income in respect of Council tax which had been coded within the financial ledger to the Custom and Excise debtor account. This had the effect of understating debtors and overstating suspense accounts.
- The debtors and creditors balances in the Consolidated Balance Sheet have been increased by £105k in respect of prepayments initially included in the sundry creditors figure.
- The note to the Consolidated Balance Sheet in respect of Debtors as at 21st March 2004 has been amended following examination of the Payments in advance balance. This has now been reduced by £76k with a corresponding in crease in other debtors. This adjustment is a reclassification of items and does not affect the total debtors position.
- The Consolidated Revenue Account and the Housing Revenue Account for the year ended 31st March 2003 stated in these accounts have been charged with £155k and £70k respectively. This is in respect of expenditure incurred during 2002/2003 which was included as capital expenditure within the Statement of Accounts for 2002/2003. The external auditors considered that the expenditure to be of a revenue nature and therefore disagreed with this accounting treatment. These items were included in the audit opinion and SAS610 report as an unadjusted material item. The adjustment is necessary in order to avoid the 2003/2004 Statement of Accounts being qualified on these items. The General Fund Revenue Balance and the HRA Revenue Balance have decreased by £155k and £70k respectively with corresponding increase in the Capital Receipts Unapplied (£155k) and Major Repairs Reserve (£70k). Note 4 to the HRA and Note 1.5 to the Consolidated Balance sheet have also been amended to reflect this adjustment.
- The Transfer from the Capital Financing Reserve in the Consolidated Revenue Account has increased by £101k. This adjustment is required to ensure the depreciation charged to the Consolidated Revenue Accounts in respect of vehicles and plant is neutralised by a contribution from the Capital Financing Reserve and there is therefore nil effect on the Amount to be met by Government Grants and Local taxpayers. The General Fund Revenue Balance in the Consolidated Balance Sheet has increased by £101k with a corresponding decrease in the Capital Financing Reserve.
- The Consolidated Revenue Accounts has been charged with £62k in respect of suspense accounts for council tax and NNDR. The suspense account was created in 2002/2003 in order to reconcile the financial ledger, and therefore the Statement of Accounts, to the Academy system which is used to maintain payers' accounts indebtedness and other information. The discrepancies between the financial ledger and Academy are now at an immaterial level and the account is no longer required.

- A note to the Consolidated Revenue Account has been added which gives the cost of fees for external audit and statutory inspection. This note is a new requirement for the 2003/2004 accounts.
- Other minor amendments were required including
 - Amendments to the Statement of Total Movements in Reserves, the Cashflow Statement and associated notes arising from the above amendments.
 - Minor spelling and grammatical errors.

3.6. All amendments are shown in the attached Statement of Accounts in italics.

4. **Financial Implications**

4.1. Delays in the formal conclusion of the audit and issue of the opinion on the Statement of Accounts for 2003/2004 impact on the audit of the Statement of Accounts for 2004/05 which is due to commence shortly.

5. **Legal Implications**

5.1. All local authority accounts are required to be prepared up to 31st March. The accounts must be prepared in accordance with any regulation relating to keeping of accounts pursuant to the Audit Commission Act 1988 Section 27(1) as well as all other applicable statutory provisions. The regulations currently in force are the Accounts and Audit Regulations 2003.

5.2. The Council has not has delegated its powers concerning approval and other matters regarding the Statement of Accounts to the Executive Cabinet. However Executive Cabinet considers matters in the first instance and makes recommendations to Council.

Background papers

Contact officer

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bromsgrove council
www.bromsgrove.gov.uk

**STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31st MARCH 2004**

BROMSGROVE DISTRICT COUNCIL

Statement of Accounts 2003-04

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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 2003 'A Statement of Recommended Practice' (the 2003 SORP). The 2003 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 2004 are set out on pages 13 to 47 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 2003 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 2004. 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 25th February 2003, Bromsgrove District Council set a budget of £8.924 million and a Council Tax of £141.90 which was an increase of 5.5% on the previous year.

The General Fund Revenue Account produced a year end surplus of £0.730m
The main reasons for the variance are:

- Interest generated from investments was £396k more than anticipated. This is due partly to correctly including an accrual of £186k in the revenue account for interest due at the year end but not received. This was an issue highlighted by the Council's external auditors during the audit of the Statement of Accounts for 2002/03. In addition a further £210k was generated due higher interest rates than anticipated when preparing the original budget.
- Grant income of £573k in respect of benefit administration that was credited to the revenue account. This income was a one off amount relating to a change in accounting treatment of receipts generated over a number of years. This amount was not included in the original budget £573k.
- Additional income generated in respect of Planning Applications of £112k was a result of the decision by the Council not to consider planning applications for new buildings received after 31st March 2004.

The General Fund Revenue Balance brought forward as at 31st March 2003 was £1.212 million. After allowing for a planned contribution to the Revenue Balance of £0.131 million and transfer of the underspend in 2003/04, the General Fund Revenue Balance increased to £2.073 million as at 31st March 2004.

Housing Revenue Account

The Housing Revenue Account produced a deficit of £74,740 compared with the original budgeted surplus of £60,989.

The Housing Revenue Balance brought forward as at 31st March 2003 was £23,197. After allowing for the deficit in 2003-04, the Balance was a deficit of £51,542.40 as at 31st March 2004.

Sales of Council houses to tenants during the year totalled 72, all of which were outright sales. The total proceeds of these sales were £3,801,987. The value of mortgages on former sales outstanding at the year end amounted to £101,459.

Following a ballot of Council tenants in June 2003, all remaining housing stock was transferred to Bromsgrove District Housing Trust, a registered social landlord, on 29th March 2004.

General Fund Capital Expenditure and Receipts

Capital expenditure amounted to £5,558,088. The main areas of expenditure were the new Cemetery at Catshill (£106,395), Arts Centre (£891,078), various IT systems and implementation of electronic government (£582,395), purchase of Vehicles and Plant mainly for the new recycling and refuse arrangements (£1,710,010), improvements to parks and play areas (£174,828), disabled facilities grants (£445,421), and a new car park (£433,394).

Capital receipts for the year totalled £1,074,835. This relates to sales of surplus properties and land, and also to sales of the Council's interest in properties built under various Low Cost housing schemes. These schemes allowed Council tenants to buy properties built by private developers on land provided by the Council where the Council retained 30% ownership.

Capital contributions of £188,790 relating to 'Section 106' agreements whereby developers and other external sources provide sums to be used to fund capital expenditure were received. Schemes to be funded by such contributions are specific and may be time limited. Capital grants of £1,381,816 were also received from Government and other organisations.

Housing Capital Expenditure and Receipts

Capital expenditure totalled £4,556,858 and included investment in heating upgrades and boiler replacements (£277,425), window and door replacements (£405,281), Kitchen Renewals (£317,520) roofing works (£137,899) and electrical upgrades (£87,350). Costs amounting to £2,096,519 relating to the

Large Scale Voluntary Transfer of Council houses to Bromsgrove District Housing Trust were also capitalised.

During the year £20,076,121 was received as Capital Receipts of which £16,124,041 relates to the payment received for stock transfer. The balance relates mainly to Right to Buy sales before the transfer.

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.

Prior year external audit opinion issues

The Statement of Accounts for the year ended 31st March 2003 was given a disclaimer audit opinion by the Council's external auditors, KPMG LLP, on 30th March 2005. The opinion listed a number of issues which the auditor disagreed with the Council's accounting treatment of a number of items in the accounts. These have been reviewed and have been resolved as follows:

<i>Opinion issue</i>	
<i>An amount of £169,000 was included within general fund capital expenditure and was written of as non enhancing expenditure. Of this expenditure £155,000 was financed by the Council's capital reserves. The external auditors' opinion was that this should have been treated as a revenue expense which would have increased the deficit on the Consolidated Revenue Account.</i>	<i>The Consolidated Revenue Account for 2002/03 included these financial statements have been to charged £155,000 thereby reducing the carried forward General Fund Revenue Balance as at 31st March 2003. Capital Receipts Unapplied has been increased by £155,000 to reflect the reversal of the financing of this expenditure.</i>
<i>The Council had not accrued for £143,000 of investment income in the Consolidated Revenue Account. The external auditors' opinion was that this should have been treated as income in the Consolidated Revenue Account and included as a debtor in the Balance Sheet, which would have reduce the deficit and increased current assets by that amount.</i>	<i>No adjustment has been made to the 2002/03 figures for this. The income was received in the Consolidated Revenue Account during 2003/04 and is therefore now included within the General Fund Revenue Balance as at 31st March 2004.</i>
<i>The Council has not included £157,000 of income from housing and council tax benefit incentive scheme in the Consolidated Revenue Account. The external auditors' opinion was that this should have been treated as income in the Consolidated Revenue Account which would have reduced the deficit by this amount.</i>	<i>No adjustment has been made to the 2002/03 figures for this. The income was credited to the Consolidated Revenue Account during 2003/04 and is therefore now included within the General Fund Revenue Balance as at 31st March 2004</i>

<p><i>An amount of £78,000 was included within housing capital expenditure and was written of as non enhancing expenditure. Of this expenditure £69,000 was financed by the Major Repairs Reserve. The external auditors' opinion was that this should have been treated as a revenue expense which would have changed the Housing Revenue Account Balance from a surplus to a deficit.</i></p>	<p><i>The Housing Revenue Account for 2002/03 included these financial statements have been to charged £69,000 thereby changing the carried forward Housing Revenue Balance as at 31st March 2003 from a surplus to a deficit. The Major Repairs allowance has been increased by £69,000 to reflect the reversal of the financing of this expenditure.</i></p>
<p><i>The Council has written off vehicles to the value of £173,000. The external auditors' opinion was that these vehicles should be reinstated to the balance sheet which would increase fixed assets by that amount and decrease the deficit on the Consolidated Revenue Account.</i></p>	<p><i>No adjustment has been made to the 2002/03 figures for this. As at 31st March 2004 all vehicle, plant and equipment owned or held under finance lease has been included in the Fixed Assets on the Consolidated Balance Sheet.</i></p>

Accounting Policies

The accounting policies adopted by the Council are set out on pages 13 to 17.

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 2003-04 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.

Approval of the Accounts

The Statement of Accounts has been approved at the meeting of Executive Cabinet on 24th May 2005 in accordance with the Accounts and Audit Regulations 2003.

Leader of the Council

Date

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 2003 (the 2003 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 2004.

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 2003 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 presents fairly the financial position of the Council at 31st March 2004 and its income and expenditure for the year ended 31st March 2004.

Kevin Dicks

Corporate Director (Resources)

Date

STATEMENT ON INTERNAL CONTROL FOR BROMSGROVE DISTRICT COUNCIL FOR THE YEAR ENDED 31ST MARCH 2004

1. SCOPE OF RESPONSIBILITY

Bromsgrove District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk and the prevention and detection of fraud and corruption.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Council for the year ended 31st March 2004 and up to the date of the approval of the annual report and accounts.

3. THE INTERNAL CONTROL ENVIRONMENT

3.1 Financial

The system of internal financial control is based upon a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a structure of delegation and accountability. Managers within the Council undertake development and maintenance of the system, either directly or through partners. In particular the system in 2003/04 included:

- Budgeting systems;
- Setting targets to measure financial and other performance;
- Capital expenditure guidelines;
- Adoption of statutory and professional standards;
- Financial regulations and contract procedure rules;
- Budget and policy framework procedure rules;
- Delegations of authority and accountability as outlined in the Council's Constitution;
- Agreed financial administration procedures;
- Internal and external audit.

Some elements of a good financial control system, notably the production of periodic and annual reports which indicate actual expenditure against forecasts, were, however, missing during the year.

3.2 Council Priorities and Objectives

The Council acknowledges that its performance in some services is stronger than in others but committed itself during the year to continue its improvement programme.

The short term focus during 2003/04 was on arts and leisure, (with the establishment of an Arts Centre); on recycling and refuse collection, (with a detailed and extensive modernisation of the refuse service), and on improving accessibility and the quality of local services through working in partnership with key providers. During the year the Council reviewed its priorities following consultation with its partners and the community and adopted the following: -

- Caring for the environment
- Preparing a blueprint for Bromsgrove District
- Developing good corporate governance
- Improving the quality of life for residents.

The Council successfully transferred its housing stock to Bromsgrove District Housing Trust, a registered social landlord, on 29th March 2004.

3.3 Policy and Decision Making

The Council's decision making process is defined in the Constitution but can be summarised as follows:

- The Council decides policy.
- The Council operates through an Executive Cabinet and regulatory committees for Planning and Licensing
- A Standards Committee is also in place.
- Overview and Scrutiny arrangements were in place during the year but were not used to comment on the budget plans for 2004/05.

3.4 Compliance

a) Policy and Legislation

The Council's statutory officers are the Chief Executive, the Section 151 Officer and the Monitoring Officer. They are responsible for ensuring that the Council acts within the law and in accordance with established policy and procedures. The Section 151 Officer is specifically responsible for the proper discharge of the Council's financial arrangements and must advise elected members where any proposal is unlawful or where expenditure is likely to exceed resources. During 2003/04 there were interim arrangements for the posts of Chief Executive and S151 Officer.

Service Heads and senior management carry responsibility for ensuring that legislation and policy relating to service delivery and Health and Safety are implemented in practice.

b) Risk Management

A risk management strategy is in place. This strategy aims to integrate risk management into the culture of the organisation and manage risks in accordance with best practice. The strategy however needs enhancing and, more importantly, fully implementing across the Authority. A steering group has been established to provide a formal framework, develop risk registers and instigate training in risk identification, control and monitoring.

Risk assessments are included within reports submitted to members as part of the risk management process. Members are provided with the financial, legal and risk implications of decisions they are being asked to take.

c) Best Value and C.P.A.

Each year the Council publishes its Best Value performance Plan showing how it performed against national and local performance indicators.

Following a corporate governance reinspection in June 2003 the conclusion of which was that the Council had made insufficient progress in improving its corporate governance, the Council, in

June 2004, requested voluntary engagement from the ODPM. This request was accepted and is now in effect. As part of this agreement the Council has been given, and accepts, the CPA category of a “poor” council.

d) Financial Management

The Council’s financial management framework for 2003/04 is summarised as follows:

- An annual budget and setting of the Council Tax.
- Some revenue monitoring until November 2003.
- Reporting the annual outturn position to the Council.

e) Performance Management

A performance management framework is in place but this needs developing and refining. In particular it needs to incorporate key actions within its recovery plan including:-

- Re-assessing and upgrading service standards and business plans.
- Updating service plans and personal objectives each year to reflect any changes in priorities.
- Setting challenging targets within the plans.
- Monitoring delivery against targets.
- Taking action to secure delivery where delivery is at risk.

f) Partnerships

The Council acts as the “accountable body” for the local Community Safety Partnership. *This* accords with good practice.

4. REVIEW OF EFFECTIVENESS

4.1 Introduction

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review is informed by the work of internal audit and the Statutory Officers within the Authority who have a responsibility for the maintenance and development of the internal control environment. The review is also informed by comments made by the Council’s external auditors and other review agencies and inspectorates.

4.2 Internal Audit

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 the Section 151 Officer. The Internal Audit Section reports to him through the Audit and Policy Manager. The section’s primary role is to provide an independent and objective opinion of the degree that the internal control environment supports and promotes the achievement of the Council’s objectives. The section now operates in line with an Audit Plan agreed by the 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.

The internal audit section experienced some vacancies during the year and also a member of its staff was seconded to work on reconciliation issues. The combined effect of this was that insufficient work was done during the year on checking the working of 12 out of the 13 key financial systems.

4.3 Statutory Officers

The current S151 Officer (in post with effect from 28th June 2004 therefore not in post during the year in which this statement relates to and additionally not an employee of the Council during this time) has advised that the Statement of Accounts for 2003/04 has been delayed due to a number of factors including significant delays in finalising the Statements of Accounts for 2001/02 and 2002/03 and delays in the implementation of the new financial ledger and associated systems. Additionally there were vacancies in key financial posts during the year. The Council has therefore not met its statutory responsibility to report the Statement of Accounts for 2003/04 to the Council by 31st August 2004.

4.4 External Auditors

KPMG LLP on behalf of the Audit Commission undertakes the external audit of the Council. Some matters raised by the Council's external auditors particularly those relating to key system reconciliations and the non-compliance with SORP have been addressed as they have arisen, and they continue to be addressed.

4.5 Standards of Financial Conduct and the Prevention and Detection of Fraud

It is management's responsibility to ensure that there are appropriate controls in place to prevent loss through fraud and error and to ensure that appropriate governance arrangements are in place. The Council's external auditors have concluded that for 2003/04 they have no issues to report on this matter.

4.6 Risk Management

Risk management is a key cornerstone of effective overall governance and is important in providing the Council with a mechanism to make critical decisions as to its financial plans and funding arrangements. Following an internal review, it is accepted that there is still a great deal of progress to be made in developing and embedding risk management into the culture of the Council.

5. SIGNIFICANT INTERNAL CONTROL ISSUES

5.1 The Council experienced a very difficult year. In particular a number of significant weaknesses have been identified within the Council's control environment particularly concerning the internal audit of most key financial systems, financial procedures, processes and system control reconciliations. The Council was therefore exposed to a higher degree of risk than is deemed acceptable, although there is no evidence at present from either external or internal auditors to suggest that there have been material losses or misstatements as a result.

5.2 The Council is committed to ensuring that all necessary measures are taken to overcome the weaknesses identified. The key activities for the Council during subsequent months to enhance the control environment will be to :-

- Build its performance management framework and strategy.
- Ensure that there are sufficient working papers produced to support the financial statements.
- Ensure that Internal Audit is appropriately staffed and review high level controls of all key financial systems annually.
- Address the recommendations on internal controls and reconciliations made by the Council's external auditors.
- Improve budget monitoring procedures.
- Establish risk registers and embed a risk awareness culture in the organisation.
- More rigidly monitor the Treasury Management Process.

Sue Nixon
Chief Executive
Date

Leader of the Council
Date

AUDITORS REPORT

The Council's auditors are KPMG LLB.

To date no audit opinion has been issued.

Auditors report and opinion contd.

STATEMENT OF ACCOUNTING POLICIES

General Principles

The general policies adopted in compiling the financial statements are those recommended by the CIPFA/LASAAC Joint Committee in the Code of Practice on Local Authority Accounting in the United Kingdom 2003 'A Statement of Recommended Practice' (the 2003 SORP). If *exceptions* occur these are noted at the appropriate place in the statements.

Fixed Assets

The Balance Sheet as at 31st March 2004 has been prepared on the basis of the CIPFA Code of Practice on Accounting for Fixed Assets. However as indicated below there have been changes to previous accounting practice or areas that do not comply with the requirements.

Recognition and Valuation

The requirements of the capital accounting regulations are that all appropriate assets should be carried at a valuation which would be the lower of the net current value or net realisable value for existing use. Also all those assets should be revalued at least once every five years.

Currently the recorded Fixed Assets are subject to a review to ensure the completeness of the record and that the valuations are in accordance with the requirements. This review is not available for this Statement of Accounts but is planned for any required changes to be reflected in the Statement of Accounts for 2004/05.

The basis for valuation of each class of asset is as follows:

Operational assets such as the Council Offices, leisure centres and car parks have been included at estimated current replacement cost.

Infrastructure assets such as environmental improvements, from 2003/04 onwards, are recorded at cost.

Vehicle, Plant and Equipment, from 2003/04 onwards, are recorded at cost.

Community assets, such as parks and recreation grounds, are recorded as historic cost or a valuation.

Investment Properties which are assets which are not directly used in the delivery of a service, such as Industrial Properties, are shown at estimated current replacement cost.

Assets under Construction are new capital works which will result in the creation of a new asset but will involve expenditure over several years are carried on the Consolidated Balance Sheet at cost and classified as non operational until they are finished and *brought* into operational use.

Capital Expenditure

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accrual basis. In this context enhancement means the carrying out of works on the fixed asset which are intended to increase substantially the life, value or use of the asset. Expenditure which falls under this definition but is considered to be immaterial (less than £10,000) is written off during the year. All other expenditure is added to the fixed assets at cost. The expenditure will be carried at cost on the Consolidated Balance Sheet until the asset is revalued.

Deferred Charges

Deferred charges represent expenditure that has been properly capitalised but which do not create a tangible asset for the Council. All expenditure on deferred charges is written off to the General Fund Revenue or Housing Revenue accounts over the appropriate period. However there is a corresponding transfer from the Capital Financing Reserve to neutralise the effect of these charges on the Consolidation Revenue Account. In most cases this is the year of the expenditure, but for expenditure on software this is to be done over three years to reflect the benefit to the Council from those assets.

Depreciation

Depreciation is charged on assets used in the provision of services. It represents the use of capital assets by that service. It is calculated by writing off the cost or revalued amount for assets, less the residual value for each asset, over the useful life of each asset. However most assets do not currently have a quantified residual value and therefore this could not be used in the calculation of depreciation for 2003/04. It is planned that the valuation review will correct this for the 2004/05 Statement of Accounts.

Depreciation is calculated on a straight line method based on the opening book value for each asset. No depreciation is charged on assets in the year of acquisition or enhancement. No charge is made for non operational assets. The exception to this policy was for vehicles purchased during 2003/04 which have been depreciated from the date of acquisition.

The useful life of assets is based on individual assets but generally is based on:

	Estimated useful life
Council Dwelling	50 years
Other Land and Buildings	10-50 years
Vehicles, Plant and Equipment	5-7 years
Infrastructure	5-20 years
Community Assets	25 years

Capital Charges

Services are charged with a capital charge for all assets used in the provision of their services. These include an annual provision for depreciation (where appropriate) plus a capital financing charge using a rate specified for all authorities. The capital financing charge is based on the opening book value of the asset. The specified rate for 2003/04 being 4.625% for assets carried at historic cost and 3.5% for assets carried at current (revalued) value.

These charges have a neutral impact on the Consolidated Revenue Account as they are reversed out through the Asset Management Revenue Account.

Government Grants

Whatever their basis of payment, revenue grants are matched with the expenditure to which they relate. Grants received to finance general activities of the Council or to compensate for a loss of income are credited to the revenue period to which they relate. Government grants are accounted for on an accruals basis and are recognised in the accounting statements when the conditions for their receipts have been *complied* with and there is reasonable assurance that the grant will be received.

In a change to accounting practice from 2002/03 and earlier years, where the capital expenditure is funded either wholly or in part by a government grant, or any other contribution from an external source, the amount of the grant or contribution used in financing is credited to the Deferred Government Grants and Contributions Account.

These deferred contributions are released to the Consolidated Revenue Account in line with the depreciation of the asset they are funding. Where an asset does not attract a depreciation charge, the grant or contribution is transferred to the Capital Financing Reserve in the year it is used for financing.

Repayment of Debt

Under the Local Government and Housing Act 1989, the Council must ensure that there is a minimum revenue provision charged to its revenue accounts for the repayment of debt. This calculation is based on the Council's credit ceiling which overall for 2003/04 was negative, meaning that (together with having no

external debt) the Council was debt free. For 2003/04 the General Fund credit ceiling was negative resulting in no MRP requirement, whilst the HRA credit ceiling was positive requiring the setting aside 2% of the credit ceiling. The HRA amount being matched by receipt of Housing subsidy.

Capital Receipts

Capital receipts arise from the sale of fixed assets and are accounted for on a cash basis. Receipts under £6,000 are transferred to revenue. The Local Government and Housing Act 1989 requires that a proportion of each capital receipt is set aside for the redemption of debt. In 2003/04 due to the Council being debt free the proportion of reserved capital receipts is nil and therefore all capital receipts, greater than £6,000 and after deduction of the costs of sale, are available to use to fund capital investment. The book value of the asset, where identified, is written out in the year of sale.

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 2003 SORP and FRS 18 'Accounting Policies'. 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 capital accounting system. Neither of these reserves represents funds to meet future expenditure.

Provisions: The 2003 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 2003-04.

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

Leasing

Under the SSAP 21, assets held under finance leases should be included in the Asset Register and therefore be included on the Consolidated Balance Sheet. Also a note to the Consolidated Revenue Account should detail lease rentals paid in the year and obligations to future rentals on existing leases and the interest payable on finance leases should be charged to the Asset Management Revenue Account. Assets held under operating lease are not required to be included in the Asset Register and should be charged to the revenue in equal amounts over the period of the lease. For the financial statements, rental payables under financing and operating leases have been directly charged to the Consolidated Revenue Account and therefore this treatment is a departure from the requirements of SSAP21.

Basis of Valuation of Investments

Investments are recorded in the Balance Sheet at cost.

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 2004.

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 Consolidated Revenue Account is charged with an amount equivalent to external interest payable and *therefore has neutral impact on the Amount to be met by Government Grant and Local Taxpayers.*

Pensions

This Statement incorporates the full effects of FRS17 – Retirement Benefits, the purpose of which is to ensure that this statement reflects at fair value the assets and liabilities underlying the Council's obligations relating to retirement benefits and that the true cost of those obligations is recognised.

Eligible members of the Local Government Pension Scheme in Bromsgrove are covered by the Worcestershire County Council Pension Fund and the Superannuation Fund Regulations require contributions to be sufficient to maintain fully the solvency of the fund. The fund is a defined benefits scheme based on final pensionable salary. Currently the Pension Fund is in a deficit position and the impact of FRS17 requirements has been to show a Pensions Liability in the Consolidated Balance Sheet of £9.3m, which is the Council's share of the overall deficit of the fund.

The employers' contributions are determined by an independent actuary, based on triennial valuations. The review was carried out as at 31st March 2004.

For 2003/04 the way the pension costs are charged to services changed in that the actuary now provides annual costs of the fund liabilities. These figures replace the actual costs paid by the employers shown within the Net Cost of Services, but are reversed out before the Amount to be met by Government Grant and Local Taxpayers and replaced by the real employers' costs in the Consolidated Revenue Account.

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 3.5% 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 2003-04 accounts comply with these requirements.

Comparative Figures

To ensure consistency with the current year, certain comparative information has been restated or reclassified where appropriate.

**CONSOLIDATED REVENUE ACCOUNT FOR THE
YEAR ENDED 31ST MARCH 2004**

Net Expenditure 2002-03 £000	Note		Gross Expenditure 2003-04 £000	Gross Income 2003-04 £000	Net Expenditure 2003-04 £000
1,421		Central Services to the Public	1,952	-543	1,409
5,995		Cultural, Environmental and Planning	8,556	-2,302	6,254
308		Highways and Transport	1,225	-771	454
7,105		Housing Services	17,515	-11,652	5,863
1,007		Corporate and Democratic Core	1,548	-219	1,329
544		Non Distributed Costs	637	-184	453
16,380		Net Cost of Services	31,433	-15,671	15,762
-6,162	1	Asset Management Revenue Account			-3,383
356		Precepts to Parish Councils			381
-124	2	Surplus From Trading Operations			-47
-669		External Interest Received			-1,040
-59		Pensions Interest Cost & Expected Rate of Return			573
9,722		Net Operating Expenditure			12,246
-766		Transfer from Capital Financing Reserve			-3,236
-261		Surplus/Deficit(-) transferred back to HRA			253
45		Contributions to/from(-) Earmarked Reserves			-78
312		Contributions to/from(-) Pension Reserve			-436
-134		Contributions to/from(-) Major Repairs Reserve			-213
-13		Contribution to/from(-) Revenue Balances			131
8,905		Amount to be met by Government Grant & Local Taxpayers			8,667
-4,858		Precept Demands from Collection Fund			-5,506
0		Revenue Support Grant			-862
-3,567		Non-Domestic Rates			-3,068
480		Net General Fund Surplus(-)/Deficit			-769
£000		General Fund Revenue Balance			£000
-1,550		Balance as at 31st March 2003			-1,057
13		Transfer to/from(-) Consolidated Revenue Account			-131
0		Transfer from Collection Fund Community Charge			0
480		Surplus(-)/Deficit for Year			-769
-1,057		General Fund Revenue Balance as at 31st March 2004			1,957

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

This Statement sets out the net cost of services for which the Council is responsible and also shows corporate income and expenditure relating to the Council as a whole and appropriations to and from reserves. It identifies how the total net cost of the Council has been financed from general Government Grants and local taxation. It is prepared to comply with BVACOP and the requirements of FRS17 (Pensions).

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 met by Government Grants and Local Taxpayers. The amount transferred to the General Fund was calculated as follows:

2002-03 £000		2003-04 £000
10	External Interest Payments	10
1,884	Depreciation of HRA assets	1,869
364	Depreciation of General Fund assets	469
2,258	Total Expenditure	2,348
	Less: Capital Charges	
	Housing Revenue Account	
-78	Notional Interest Charge	0
-5,390	Asset Rentals (3.5% of asset valuation)	-2,964
-1,884	Depreciation Charges	-1,869
-25	Deferred Contributions Released	-25
	General Fund	
-679	Asset Rentals (3.5% of asset valuation)	-404
-364	Depreciation Charges	-469
-8,420	Total Income	-5,731
-6,162	NET TRANSFER TO REVENUE ACCOUNTS	-3,383
	Represented by:	
-5,493	Housing Revenue Account	-2,896
-669	General Fund	-487

2. Trading Operations

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

2002-03			2003-04	
Turnover £000	Profit(-) /Loss £000	External Trading Services	Turnover £000	Profit(-) /Loss £000
110	33	Market Services	114	9
126	-37	Industrial Sites	128	-29
236	-4	Total External Trading Services	242	-20
		Internal Trading Services		
3,978	-120	Depot Services	3,364	-27
78	78	Contribution to/from Earmarked Reserves	0	0
4,056	-42	Total Internal Trading Services	3,364	-27

“Depot Services” relate to the contracted services provided to the Council through its own trading operation (e.g. refuse collection, housing repairs, and 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.

2002-03 £000		2003-04 £000
41 0	Housing Revenue Account General Fund (Negative credit ceiling-therefore no provision)	40 0
41	Minimum Revenue Provision Less: Depreciation already charged to the C.R.A.	40
-1,884	Housing Revenue Account	-1,869
-364	General Fund	-469
-2,207	Adjusted Minimum Revenue Provision	-2,298

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:

2002-03 £000		2003-04 £000
43	General Advertising	122
47	Staff Advertising	135
77	Marketing, Promotion and publicity	152
167	Total	409

5. Pensions Benefits (Financial Reporting Standard 17)

The Council participates in the Local Government Pension Scheme for Council employees which is administered by Worcestershire County Council. This is a funded scheme, meaning both the Council and employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investments.

The requirement of FRS 17 is for the cost of retirement benefits to be recognised in the net cost of services when the employees earn the benefits rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of benefits is reversed out of the Consolidated Revenue Account after Net Operating Expenditure.

The following transactions have been made in the Consolidated Revenue Account during the year.

2002-03 £000	Cost of retirement benefits in Consolidated Revenue Account	2003-04 £000
	Net Cost of Services	
769	Current Service Costs	849
0	Past Service Costs	123
0	Curtailment costs	32
	Net operating Expenditure	
1,724	Interest Costs	1,819
-1,783	Expected return on assets in scheme	-1,246
	Amount met from Government grant & local taxes	
270	Movement on Pensions Reserve	-436
	Actual amount Charged against Council tax for Pensions in year	
980	Employers Contributions Payable	1141

Notes to Consolidated Balance Sheet contains details of the assumptions made in the estimating of the figures used in this note. The assumptions were made by the Actuary appointed by Worcestershire County Council. The adoption of FRS 17 for 2003/04 means that the 2002/03 have been adjusted for comparative purposes.

6. Payments made to Employees 2003-04

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:

2002-03 Total Number of Employees	Remuneration Band	2003-04 Total Number of Employees
10	Over £40,000 and up to £50,000	9
0	Over £50,000 and up to £60,000	1
0	Over £60,000 and up to £70,000	0
1	Over £70,000 and up to £80,000	0

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.

2002-03 £000		2003-04 £000
95	Basic Allowance	100
31	Special Allowance	32
5	Chairman's Allowance	5
1	Vice Chairman's Allowance	1
132	Total Allowances Paid	138

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 2003 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 2003-04 the Council had the following transactions with related parties:

2002/03			2003/04	
Expenditure £000	Income £000		Expenditure £000	Income £000
3,498		West Midlands Police Authority:	4,110	
0		- Precept	185	
		- Distribution of Collection Fund Surplus		
		Parish Councils:		
356		- Precepts	381	
22		- Lighting Grants	24	
85		- Concurrent Functions	85	
		Worcestershire County Council:		
24,365		- Precept	28,213	
0		- Distribution of Collection Fund Surplus	1,290	
	-2	- Ryland Centre	8	
	-19	- Abandoned Vehicles		-14
	-84	- Recycling		-52
1,246		- Superannuation	1,141	
	-29	- Luncheon Clubs		-54
		Government Departments:		
	0	- Revenue Support Grants		-862
	-3,567	- Redistributed NNDR		-3,068
	-4,413	- Housing Benefits		-5,007
	-1,149	- HRA Subsidy		-975
	-109	- 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.

Building Regulations Total 2002-03 £000		Fee Earning Total 2003-04 £000	Non Fee Earning Total 2003-04 £000	Building Regulations Total 2003-04 £000
	Expenditure:			
2	Printing, Stationery, etc.	2	0	2
4	Consultants Fees	4	0	4
213	Building Control IBU	237	36	273
219	Total Expenditure	243	36	279
	Less Income:			
-291	Fees	-286	0	-286
-1	Sundries	-2	0	-2
-292	Total Income	-288	0	-288
-73	Surplus(-)/Deficit for the Year:	-45	36	-9

10. Local Authorities (Goods and Services) Act 1970

There were no significant transactions in 2003-04 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 £193,087.92 in 2003-04 (£150,044 in 2002-03) and has mainly been used in providing grants to the voluntary sector serving the community in Bromsgrove.

12. Audit Costs

During 2003/04 the Council incurred the following fees relating to external audit and statutory inspection:

	2003-04 £000
<i>Fees paid to KPMG LLP in respect of audit services</i>	104
<i>Fees paid to KPMG LLP for the certification of grant claims and returns</i>	19
<i>Fees paid to KPMG LLP in respect of statutory inspection</i>	16
<i>Fees paid to KPMG LLP in respect of additional services</i>	0
Total Allowances Paid	139

**HOUSING REVENUE ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2004**

2002-03 £000		2003-04 £000
	<u>Income:</u>	
-8,275	Dwelling rents (gross)	-8,116
-319	Non-dwelling rents (gross)	-346
-327	Charges for services & facilities	-455
0	Contribution towards Services	-327
-1,149	HRA Subsidy receivable (including MRA)	-975
-10,070	Total Income	-10,219
	<u>Expenditure:</u>	
2,116	Repairs and maintenance	1,747
1,903	Supervision and Management	1,840
4,543	Rent Rebates	4,468
0	Write off of bad or doubtful debts at LSVT	129
	Cost of Capital	
5,390	Asset Rental charges	2,964
1,884	Depreciation and Impairment of fixed assets	1,869
0	Amortisation of deferred charges	2,097
15,836	Total Expenditure	15,114
5,766	Net cost of Services	4,895
-5,390	Net HRA Income/expenditure on AMRA	-2,891
-25	Released Deferred Capital Contribution	-25
	HRA Investment Income	
-13	Interest on notional cash balances	21
-9	Mortgage interest	-8
329	Net Operating Expenditure	1,992
	Appropriations	
41	HRA Contribution to Minimum Repayment Provision	40
-134	Transfer to/from(-) Major Repairs Reserve	-213
25	Transfer to/from(-) Capital Financing Reserve	-2,072
261	Total Surplus(-)/Deficit for the year	-253
-214	Balance brought forward 1st April	47
47	Balance as at 31st March	-206

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Transfer of Housing Properties

Following a Council decision to review the provision of housing services within the district, council tenants voted to transfer the properties to Broms grove District Housing Trust (BDHT) which is a registered as a Social Landlord. The housing stock was transferred on 29th March 2004. The Council has retained small areas of land. The Council will be applying to the Office of the Deputy Prime Minister in due course for consent to close the HRA. Any balances remaining will then be transferred to the General Fund.

2. Housing Stock

The Council was responsible for managing an average of 3,132 dwellings in 2003-04 before transfer to BDHT. All housing and garages were transferred to BDHT on 29th March 2004. The Council has retained some small areas of land. The stock was made up as follows:

No's	Value as at 31st March 2003 £000		No's	Value as at 31st March 2004 £000
		<u>Operational Assets</u>		
1,363	43,766	Houses	0	0
1,406	27,030	Flats	0	0
399	12,402	Bungalows	0	0
3,168	83,198	Total Council Dwellings	0	0
1,593	1,365	Garages	0	0
	84,563	Total Operational Assets		0
		<u>Non-Operational Assets</u>		
	237	Non-operational Land		32
	84,800	Total HRA Assets		32

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

The change in stock can be summarised as follows:

2002-03 No's		2003-04 No's
	COUNCIL HOUSES	
3,292	Stock as at 31st March	3,168
-124	Less Sales	-72
1	Adjustment	0
0	Transferred to BDHT	-3,096
3,168	Stock as at 31st March	0

3. 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. The balance will be used to fund capital creditors during 2004-05.

2002-03 £000			2003-04 £000	
	-473	Balance as at 31st March		-271
	-1,884	Depreciation charged to the HRA		-1,869
		Less:		
		Amount transferred to HRA during the year		
59		Item 8 - Special Determination	0	
75		Adjusting transfer	213	
	134			213
	1,952	Financing of capital expenditure		1,667
	-271	Balance as at 31st March		-260

4. Housing Capital Expenditure

Details of Housing Capital expenditure is provided below:

2002-03 £000		2003-04 £000
	<u>Expenditure</u>	
0	Land	0
2,200	Houses	2,372
179	Other Property	88
0	LSVT/BDHT Set up costs	2,097
2,279	Sub-total	4,557
	Add Opening Creditors	127
-127	Less Closing Creditors	-629
2,252	Expenditure for Capital Financing Purposes	4,055
	<u>Financed by</u>	
1,952	Major Repairs Reserve	1,667
259	Useable Capital Receipts	2,376
0	External Contribution	12
41	Provision for Credit Liabilities	0
0	Disabled Facilities Grant	0
2,252	Total Financing	4,055

5. Capital Receipts Analysis

The total capital receipts during the 2003-04 financial year are given below, the major element being the receipt from BDHT for stock transfer.

2002-03 £000		2003-04 £000
53	Land	22
5,392	Houses & Garages	19,971
118	Other Property	83
5,563	Total	20,076

6. Depreciation

Depreciation of £1,869,040 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.

7. 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 Consolidated 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 3.5% for 2003-04 (6% for 2002-03).

8. 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.

9. Impairment Charges

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

10. Gross Rent Income

This is the total rent income due for the year after allowance is made for voids, etc. The average rent was £52.22 compared with £53.08 for 2002-03.

11. Housing Revenue Account Subsidy

The amount of subsidy payable in 2003-04 was calculated in accordance with the formula set out on paragraph 3.1 of the General Determination of Housing Subsidy for 2003-04 and is set out below:

2002-03 £	Subsidy Element	2003-04 £
2,777,950	Management and maintenance	2,708,664
1,808,590	Major Repairs Allowance	1,656,425
3,875,020	Rent Rebates	3,556,827
131,501	Charges for Capital	142,292
11,966	Other items of reckonable expenditure	7,191
0	Allowance for Tenant Participation Compacts	0
0	Allowance for Resource Accounting	0
8,605,027		8,071,399
	Less:	
-7,442,578	Rent	-7,095,808
-13,166	Interest	-8,667
1,149,283	Housing revenue account subsidy payable to the Council	966,924

12. Rent Arrears

At the date of transfer, to BDHT the Council was owed a total sum in respect of rent and service charges of £715,974 from both current and former tenants. Arrears of £464,533 were assigned to BDHT by virtue of a deed of assignment. BDHT agreed to pay the Council the sum of £227,254 for these debts based on applying a variable percentage to the amounts assigned dependent on category and size of debt. Rent arrears retained by the Council totalled £488,720. The remaining balance of £359,833 on the Bad debt provision, after write offs during the year, was used to write off the debts with the balance of £128,887 being charged to the Housing Revenue Account in 2003/04.

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 29th March 2004 was £59,321. This balance has been transferred to BDHT as part of the Large Scale Voluntary Transfer. The annual cost has been charged to the Housing Revenue Account.

14. Bad Debt Provision

2002-03 £000		2003-04 £000
440	Balance as at 31st March	395
-45	Less amounts written off in year	-35
0	Less amounts written off following LSVT	-360
395	Balance as at 31st March	0

15. FRS17 – Retirement Benefits

Although the Consolidated Revenue Account has been updated to reflect the requirements of FRS17 Retirement Benefits, the Housing Revenue Account exclude any adjustments.

**COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31st MARCH 2004**

2002-03 £000		2003-04 £000
	<u>Income:</u>	
-31,647	Income from Council Tax (Net)	-35,636
-2,205	Council Tax Benefits	-2,643
	Reduction in Provision for Bad and Doubtful Debts	
0	Council Tax	0
-170	Business Rates	0
-17,001	Income from Business Ratepayers	-17,346
0	<i>Prior year Adjustment</i>	-132
0	Community Charge income	0
-51,023	Total Income	-55,757
	<u>Less Expenditure:</u>	
32,721	Precepts and Demands	39,304
	Business Rates:	
17,062	Payments to Pool	17,122
108	Costs of Collection	109
	Increased Provision for Bad and Doubtful Debts	
0	Council Tax	113
0	NNDR	114
0	Community Charge – Transfer to General Fund	0
49,891	Total Expenditure	56,762
-1,132	Surplus(-)/Deficit for the year	1,005
-351	Collection Fund Surplus(-) brought forward	-1,483
-1,483	Collection Fund Surplus (-) carried forward	-478

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 total Council Tax of £1,084.05 based on Band 'D' equivalent, with a tax base of 34,307.60.

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 98.5% 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	2,469.50	6/9	1,646.30
B	Over £40,000 and up to £52,000	5,818.75	7/9	4,525.70
C	Over £52,000 and up to £68,000	7,255.25	8/9	6,449.10
D	Over £68,000 and up to £88,000	6,523.00	9/9	6,523.00
E	Over £88,000 and up to £120,000	5,631.25	11/9	6,882.60
F	Over £120,000 and up to £160,000	3,073.00	13/9	4,438.80
G	Over £160,000 and up to £320,000	2,321.50	15/9	3,869.20
H	Over £320,000	246.25	18/9	492.50
Total				34,830.00
		Collection Rate		98.50%
		Council tax base		34,307.60

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 44.4p in the £ for 2003-04 (43.7p 2002-03) 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 2004 was £45,129,409.

4. Precepts

The precepts and demands were as follows:

2002-03 £000		2003-04 £
24,365	Worcestershire County Council	28,213
4,858	Bromsgrove District Council (including Parish Councils)	5,249
3,498	West Mercia Police Authority	4,110
	Distribution of Collection Fund Surplus	
0	Worcestershire County Council	1,290
0	Bromsgrove District Council	257
0	West Mercia Police Authority	185
32,721	Total	39,304

5. Bad Debt Provision

Bad and doubtful debt provisions comprised the following amounts:

2002-03 £000		2003-04 £000
1,662	Balance as at 31st March Council Tax	1,270
-94	Written-off during the year	-96
0	Movement in Provision Non-Domestic Rates	113
-128	Written-off(-)/on(+) during the year	3
-170	Movement in Provision	114
1,270	Balance as at 31st March	1,404
	<u>Represented By:</u>	
713	Council Tax Provision	730
557	Business Ratepayers Provision	674
1,270	Total	1,404

6. Collection Fund Balance

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

2002-03 £000		2003-04 £000
351	Balance brought forward 1st April	1,483
1,132	Surplus/Deficit(-) in the Year	-1,137
0	Transfer to General Fund	0
1,483	Balance carried forward 31st March	346

**CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2004**

2002-03 £000		2003-04	
		£000	£000
		Fixed Assets:	
83,120			Operational Assets -
			Council Dwellings
			0
11,873			Other Land and Buildings
			10,456
0			Vehicles and Plant
			1,773
0			Infrastructure
			263
260			Community Assets
			678
			Non Operational Assets
4,291			Investment Properties
			4,108
208			Assets under Construction
			1,099
99,752	1		Total Fixed Assets
			18,377
0			Other Long Term Assets:
			Deferred Charges
			707
50	2		Long Term Investments
			50
157	3		Long Term Debtors
			101
99,959			Total Long Term Assets
			19,235
			Current Assets:
126	4	94	Stocks
4,328	5	5,954	Debtors
284	6	588	Cash In Hand and Bank
19,450	7	33,702	Short Term Investments
			40,338
24,188			Less: Current Liabilities:
			Creditors
			-6,602
-5,156	8		Suspense Accounts
			-52
0			Short Term Borrowing
			-296
-299	9		
			-6,950
-5,455			
118,692			Total Assets less Current Liabilities
			52,623
			Other Long Term Liabilities
-157	10		Deferred Capital Receipts
			-101
0			Committed Sums
			-167
-12,162	12		Liabilities Relating to Defined Benefits Pension Scheme
			-9,287
106,373			Total Assets less Liabilities
			43,068
			Financed by:
40,313			Fixed Assets Restatement Reserve
			-45,296
59,176			Capital Financing Reserve
			61,802
1,216			Deferred Government Grant and Contributions
			1,167
3,287			Government Grants and Contributions Unapplied
			3,211
11,021			Capital Receipts Unapplied
			27,880
758			Earmarked Reserves
			680
-12,162	12		Pensions Reserve
			-9,287
271			Major Repairs Reserve
			260
			Revenue Balances:
			General Fund
			1,957
1,057			Housing Revenue
			206
-47			Collection Fund
			478
1,483			
106,373			Total Equity
			43,068

NOTES TO THE CONSOLIDATED BALANCE SHEET

1.Fixed Assets

1.1 Analysis of movements in Fixed Assets

	Operational assets					Non Operational		Total
	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Infra-structure	Community Assets	Investment Properties	Assets under Construction	
	£000	£000	£000	£000	£000	£000	£000	£000
Gross Book Value at 1st April 2003	88,595	12,836	0	0	274	4,377	208	106,290
Additions	1,984	876	1,655	263	42	0	891	5,711
Disposals	-3,675	0	0	0	0	-385	0	-4,060
Reclassification & Adjustment	0	-497	220	0	362	322	0	407
<i>Non enhancing Expenditure</i>	<i>389</i>	<i>32</i>	<i>363</i>	<i>64</i>	<i>15</i>	<i>0</i>	<i>0</i>	<i>863</i>
Revaluation	0	0	0	0	0	0	0	0
Transfer of Housing Stock	-86,904	-1,664	0	0	0	-206	0	-88,774
<i>Non enhancing expenditure written out</i>	<i>-389</i>	<i>-32</i>	<i>-363</i>	<i>-64</i>	<i>-15</i>	<i>0</i>	<i>0</i>	<i>-863</i>
Gross Book Value at 31st March 2004	0	11,551	1,875	263	678	4,108	1,099	19,574
Depreciation at 1st April 2003	5,475	963	0	0	14	86	0	6,538
Depreciation for year	1,764	447	102	0	5	22	0	2,335
Disposal Transfers and adjustments	0	5	0	0	-19	-108	0	-122
Transfer of Housing Stock	-7,239	-315	0	0	0	0	0	-7,554
Depreciation at 31st March 2004	0	1,095	102	0	0	0	0	1,197
Net Book Value at 1st April 2003	83,120	11,873	0	0	260	4,291	208	99,752
Net Book Value at 31st March 2004	0	10,456	1,773	263	678	4,108	1,099	18,377

1.2 Valuation of Fixed Assets

The basis for valuation of the individual classes of the fixed assets owned by the Council is explained in the Statement of Accounting policies. The value of the assets transferred to BDHT have been written out of the Consolidated Balance Sheet as Transfer of Housing Stock in the above table. The net book value as at 31st March represents the value of assets belonging to the General Fund and any residual Housing Revenue Account assets which were not included in the transfer.

The freehold and leasehold property owned by the Council has been valued in accordance with the Statement of Valuation Principles and guidance notes issued by The Royal Institute of Chartered Surveyors as recommended by the Chartered Institute of Public Finance and Accountancy. The valuations were carried out by the Council's own Valuation Officer Mr. D Rogers -Davies MRICS.

However the fixed asset values are not compliant with the requirements for all assets to be revalued within a five year period and information to be held on the assets useful economic life and residual value. The Council is in the process of reviewing all information on fixed assets held to ensure both completeness and compliance with the requirements of SORP. It is anticipated that this information will be available for incorporation in Statement of Accounts for 2004-05.

1.3 Capital Commitments

Capital commitments on major schemes totalled £4.6m at the year end. The major schemes include Refuse and Recycling £2m, Arts Centre £1.5m, Dolphin Centre Upgrade £0.8m, Provision of Customer Service Centre £0.3m. The future expenditure is not included in the accounts.

1.4 Fixed Assets Held

The fixed assets held by the Council include the following:

31st March 2003 No's		31st March 2004 No's
3,168	Council Dwellings	0
1,593	Garages	0
7	Other Properties	7
1	Office	1
1	Depot	1
1	Sport Centre	1
3	Public Conveniences	3
1	Caravan Site	1
9	Car Park	10
1	Day Centre	1
1	Cemeteries	2
1	Museum and TIC	1
1	Market Hall	1
4	Hostels	4
9	Allotments Sites	9
60	Parks/Recreation Grounds/ Open Spaces/Play Areas etc	60

1.5 Capital Expenditure and Financing

2002-03 £000		2003-04 £000
	Expenditure	
424	Additions to Fixed Assets	5,710
3,527	Non Enhancing Expenditure	863
442	Deferred Charges	3,518
4,393	Total Expenditure	10,091
	Funding	
1,875	Capital Receipts	4,344
1,952	Major Repairs Reserve	1,667
217	Capital Grants	1,470
13	Capital Contributions	188
0	Revenue Contributions	24
41	Use of provision for credit liabilities	1,319
295	Movement in capital creditors	1,079
4,393	Total Financing	10,091

1.6 Deferred Charges

Deferred charges refer to capital expenditure which does not create a tangible asset for the Council. This expenditure is charged to revenue over an appropriate number of years, taking into account the benefit derived by the authority from that expenditure. Improvement grants and other items, mainly the cost of LSVT transfer and capital grants, are charged in the year the expenditure is incurred. The expenditure on software will be written off over the next three years to reflect the benefit that will be gained over the period.

	Improvement Grants £000	Computer Software £000	LSVT Costs £000	Other £000	Total £000
Balance as at 1st April 2003	0	0	0	0	0
Expenditure in year	446	707	1,892	473	3,518
Written off to Consolidated Revenue Account	-446	0	-1,892	-473	-2,811
Balance as at 31st March 2004	0	707	0	0	707

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 2003) and investment in Charities Investment Fund for £53 (£53 as at 31st March 2003).

3. Long Term Debtors

31st March 2003 £000		31st March 2004 £000
157	Mortgagors re. Sale of Council Houses	101

4. Stocks

The stock at the year-end consisted of:

31st March 2003 £000		31st March 2004 £000
6	Postal Franker	6
115	General Stock Items held at the Council's Depot	84
2	Various Vending machines	2
1	Pest Control Poisons and Baits	1
2	Dolphin Centre Confectionery for Resale	1
126	Total	94

5. **Debtors**

31st March 2003 £000		31st March 2004 £000
	<u>Amounts falling due within one year</u>	
11	Employee related	0
664	Housing Rent (and Benefit) arrears	0
960	NNDR Pool Contribution	833
1,175	NNDR arrears	1,336
2,152	Council Tax arrears	1,798
0	Interest receivable	159
28	Rechargeable works	22
344	Government Departments	1,980
19	Officers car loans	7
446	Payments in advance	41
195	Other debtors	1,456
5,994	Sub-total	7,632
	<u>Amounts falling due after one year</u>	
30	Car Loans to Employees	7
6,024	Gross Debtors	7,639
	Less Provision for Bad Debts:	
-31	General Fund	-31
-1,270	Collection Fund	-1,404
0	HB Overpayments	-250
-395	Housing Tenants	0
4,328	Net Debtors	5,954

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 2003 £000		31st March 2004 £000
2	Petty Cash	2
207	Cashiers & Leisure Centres	209
75	Bank	377
284	Total	588

7. **Short Term Investments**

These are surplus monies temporarily invested externally.

8. Creditors

2002-03 £000		2003-04 £000
35	Employee related	13
433	Sundry Creditors	1,433
87	Government Departments	236
64	Housing Rent prepayments	0
1,893	NNDR Pool Contributions	2,059
241	NNDR prepayments	419
474	Council Tax prepayments	440
105	Sewerage agency works	105
20	Contractors Deposits	12
1,804	Other creditors	1,885
5,156	Total	6,602

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. This was paid to the Office of the Deputy Prime Minister on 6th September 2004.

9. Borrowing – Short Term

This represents monies temporarily borrowed for less than twelve months.

10. 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).

11. Provision for Credit Liabilities (Memorandum)

Under the Housing & Local Government Act 1989, the Council is required to reserve proportions of capital receipts and set aside minimum sums for the repayment of debt. As the balances attributable to those receipts now form part of the Capital Financing Reserve it is a requirement to disclose details relating to the movements during the year by way of a memorandum.

	Total £
Balance as at 31st March 2003	21,372
Minimum Revenue Provision	41
Use of MRP to finance Capital expenditure	(1,319)
Balance as at 31st March 2004	20,094

12. FRS 17 – Retirement Benefits

The Note to the Consolidated Revenue Account contains details of the Council's participation in the Local Government Pension Scheme (administered by Worcestershire County Council) in providing the Council's employees with retirement benefits.

The underlying assets and liabilities of the Pension Fund attributable to the Council at 31st March 2004 are as follows:

31st March 2003 £000		31st March 2004 £000
30,478	Estimated Liabilities	32,117
18,316	Estimated Assets	22,830
12,162	Net Liabilities	9,287

The liabilities show underlying commitments that the authority has, in the long run, to pay retirement benefits. The net liabilities of £9.287m has a substantial impact on the net worth of the Council as recorded in the Consolidated Balance Sheet, resulting in a reduction of 17.9% to the overall balance of £51.958m. However, statutory arrangements for funding the deficit means that the financial position of the Council remains healthy as the deficit will be made good by increased contributions over the remaining working life of employees as assessed by the Fund's Actuary and finance only being required to be raised to cover the pensions when they are actually paid.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels etc. The Funds liabilities have been assessed by Mercer Human Resource Consulting Ltd, an independent firm of actuaries, based on the last full valuation of the scheme as at 31st March 2001.

The main assumptions used in the calculations are as follows:

Assumptions as at	31st March 2003 % per annum	31st March 2004 % per annum
Rate of Inflation	2.50	2.8
Rate of increased in salaries	3.75	4.05
Rate of increase in pensions	2.50	2.8
Discount rate	6.00	6.3

The assets are valued at fair value, principally market value for investments, and consist of the proportions, together with rate of return on the class of asset.

Assets	31st March 2003			31st March 2004		
	Value £000	Proportion of Assets %	Expected rate of return %	Value £000	Proportion of Assets %	Expected rate of return %
Equities	13,502	69.7	7.50	18,216	79.8	7.5
Government Bonds	2,460	12.7	4.50	1,689	7.4	4.7
Other Bonds	2,015	10.4	5.40	1,621	7.1	5.5
Property	1,259	6.5	6.50	205	0.9	6.5
Other	135	0.7	3.75	1,097	4.8	4.0
Total	19,371	100.0		22,828	100.0	

	31st March 2003 £000	31st March 2004 £000
Net pensions liability as at 1st April	5,400	12,162
Current service Cost	769	849
Employee contributions	-980	-1,141
Past service/curtailment costs	0	155
Net interest/return on assets	-59	573
Actuarial gain(-)/loss	7,032	-3,311
Net pensions liability as at 31st March	12,162	9,287

13. Post Balance Sheet Events

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. In June 2004 the Council requested voluntary engagement from the ODPM and a deferral of CPA. These requests were accepted. As part of this agreement the Council has been given, and accepts, the CPA category of a "poor" council. 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
FOR THE YEAR ENDED 31st MARCH 2004**

31st March 2003 £000		31st March 2004 £000	
	Revenue Surplus/Deficit(-) for year		
-493	General Fund		900
-261	Housing Revenue Account		253
1,207	Collection Fund		-1005
45	Net Movement in Earmarked reserves		-78
498	Total Increase/Decrease(-) in Revenue Resources		70
4,255	Increase in Useable Capital receipts	16,859	
2,630	Increase in unapplied Capital grants and Contributions	-87	
6,885	Total Increase in Realised Capital resources (Note 3)		16,772
0	Gains/Losses(-) on revaluation of Fixed Assets	0	
0	Gains/Losses(-) on adjustments to Fixed Assets	533	
0	Total increase/decrease(-) in Unrealised Value of Fixed Assets (Note 4)		533
-7,848	Value of expenditure written off for non enhancing expenditure	-863	
0	Disposal of fixed assets (Note 4)	-85,279	
-7,848			-86,142
2,030	Capital Receipts set a side	4,344	
-2,207	Revenue Resources set aside	-2,270	
2,277	Capital grants and Contributions	3,374	
-25	Movement on deferred grants and contributions	-49	
-443	Amounts written off	-2,812	
1,632	Total increase in amounts set aside to finance capital investment (Note 5)		2,587
1167	Total Recognised Gains and Losses		-66,180

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

1. Revenue Balances

The Council has a number of Revenue Balances

	Balance as at 1st April 2003	Surplus/ Deficit(-) in year	Balance as at 31st March 2004
General Fund	1,057	900	1,957
Housing Revenue Account	-47	253	206
Collection Fund	1,483	-1,005	478

General Fund

This includes any surplus after meeting net expenditure on Council services.

Housing Revenue Account

This provides a working balance for the HRA, for which transactions are ring fenced. However, following the transfer of the stock to BDHT a formal application to the ODPM to close the HRA will be made in due course at which time any balance remaining will be transferred to the General Fund Reserve.

Collection Fund

The Collection Fund balance relates to the surplus on the collection of Council tax after making payments to the precepting authorities. The balance is distributable to the authorities' precepting on the Fund.

2. Movements in Earmarked Reserves

The movement in Earmarked Reserves during 2003-04 was as follows:

	Balance as at 31st March 2003 £000	Contributions from Revenue £000	Contributions to Revenue £000	Balance as at 31st March 2004 £000
Building Control Partnership	6	6	0	12
Capital reserve	235	0	0	235
Computer Development	37	0	0	37
Insurance Reserve	300	0	0	300
Lottery Reserve	6	0	0	6
Traffic Island Sponsorship	9	0	0	9
Vehicle & Plant Replacement	165	1	-85	81
Total	758	7	-85	680

3. Movement in Realised Capital Resources

Capital Receipts Unapplied represents the income from the sale of fixed assets that can be used to fund capital expenditure. Being "debt free" the Council is able to use 100% of such receipts. Government Grant and Contributions Unapplied relates to sums received to fund capital expenditure. The sums includes contributions from developers for planning gain agreements and the Major Repairs Reserve (details of which can be found in the Notes to the HRA).

2002-03					2003-04			
Capital Receipts Unapplied		Government Grant and Contributions Unapplied (including Major Repairs Reserve)			Capital Receipts Unapplied		Government Grant and Contributions Unapplied (including Major Repairs Reserve)	
£000	£000	£000	£000	£000	£000	£000	£000	
6,130	6,766	4,653	928	Balance as at 1st April	21,203	11,021	3,558	
-1,875		-2,023		Amounts Receivable Applied to finance capital expenditure	-4,344			
	4,255		2,630	Increase in Realised Capital Resources		16,859	-87	
	11,021		3,558	Balance as at 31st March		27,880	3,471	

4. Movement in Unrealised Value of Fixed assets - Fixed Asset Restatement Reserve

The Fixed Asset Restatement Reserve represents the difference between the initial revaluation and their historic value (cost), together with any subsequent revaluations. It also includes the write down of asset disposals and capital expenditure written off.

2002-03 £000			2003/04 £000
48,161	Balance as at 1st April		40,313
0	Gains on revaluation in year	0	
0	Other adjustments	533	
	Total increase in unrealised resources		533
-3,753	Capital expenditure not included in Fixed assets in year	-863	
-4,095	Amount of assets disposed	-85,279	
-7,848	Total movement in Reserve		-86,142
40,313	Balance as at 31st March		-45,296

5. Movements in amounts set aside to Finance Capital Investment

The Capital Finance Reserve contains the amounts which have been required to be set aside from capital receipts or revenue from the repayment of external loans, together with the amounts of revenue, capital receipts and grants and contributions which have been used to fund capital expenditure.

The Deferred Government Grant and Contributions account represents amounts received to fund capital expenditure, which will be released to revenue to offset depreciation in respect of the assets to which they relate. Sums relating to assets which will not be depreciated are transferred to CFR in the year they are applied.

2002/03			2003/04	
Capital Finance Reserve £000	Deferred Government Grant and Contributions £000		Capital Finance Reserve £000	Deferred Government Grant and Contributions £000
57,519	1,241	Balance as at 1st April	59,176	1,216
2,030	0	Capital Receipts set aside Useable receipts applied	4,344	0
0	0	Revenue resources set aside Revenue funding	24	0
-2,207	0	Reconciling amount of depreciation	-2,334	0
0	0	<i>Minimum Revenue Provision</i>	40	0
255	0	Grants & contributions set aside Grants and Contributions applied	1,707	1,658
2,022	0	Major repairs reserve applied	1,667	0
0	-25	Amounts credited to AMRA	0	0
-443	0	Amounts written out in year	-2,812	-1,707
1,657	-25	Total movement in year	2,636	-49
59,176	1,216	Balance as at 31st March	61,812	1,167

**CASH FLOW STATEMENT
FOR THE YEAR ENDING 31ST MARCH 2004**

2002-03 £000		2003-04 £000
	Revenue Activities	
	Cash Outflows:	
9,414	Cash paid to and on behalf of employees	9,893
16,140	Other operating cash payments	2,452
4,598	Housing Benefit paid out	4,441
28,219	Precept payments	34,055
17,890	Non domestic rate payments to National Pool	16,824
76,261		67,665
	Cash Inflows:	
-4,444	Rents (after Rebates)	-3,385
-31,757	Council Tax receipts	-35,956
-3,567	Non domestic rates payments from National Pool	-3,205
-17,364	Non domestic rates receipts	-17,185
0	Revenue support grant	-862
-4,388	DSS grants for rebates	-4,421
-1,425	Other government grants (See Note 1)	-1,441
-14,644	Other income and charges	-725
-77,589		-67,180
-1,328	Net cash inflow(-)/outflow from Revenue Activities(See Note 2)	485
	Returns On Investments And Servicing Of Finance	
	Cash Outflows	
0	Interest paid (Net)	10
	Cash Inflows:	
-741	Interest received	-881
-741	Net cash inflow(-)/outflow from investments and servicing of finance	-386
	Capital Activities	
	Cash Outflows:	
3,734	Purchase of Fixed Assets	9,117
	Cash Inflows:	
-6,082	Sale of Fixed Assets	-21,204
-372	Capital Grants	-1,897
-2,564	S106 Contributions	-189
	Other Capital Cash Receipts	
-5,284	Net Cash Inflow(-)/Outflow on Capital Activities	-14,173
-7,353	NET CASH INFLOW(-)/OUTFLOW BEFORE FINANCING	-14,559
	Management Of Liquid Resources	
0	Net increase/decrease in short term deposits	0
	Financing	
	Cash Outflows	
0	Repayments of amounts borrowed	3
6,587	Net increase in investments (See Note3)	14,252
	New loans raised	
-766	Net Increase(-)/Decrease in Cash (See Note4)	-304

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:

2002-03 £000		2003-04 £000
1,209	Housing Subsidy	1,066
109	Administration Grant – Local Taxation	109
107	Benefit Administration Grants	266
1,425	Total Other Government Grants	1,441

2. Reconciliation of Deficit To Net Revenue Cashflow

2002-03 £000		2002-03 £000
480	Surplus(-)/Deficit on General Fund	-900
261	Surplus(-)/Deficit on HRA	-253
-1,132	Surplus(-)/Deficit on Collection Fund	1,005
	Non Cash Transactions	
766	Contributions to(-)/from CFR	61
-2,248	Contributions to(-) from AMRA	-24
0	Contributions to(-)/from Bad Debt Provisions	0
0	Transfer from Suspense	-62
13	Contribution to(-)/from Working Balances	0
-45	Contribution to(-)/from Earmarked Reserve	78
134	Contribution to(-)/from Major Repairs Reserve	-1,656
	Items on an Accruals Basis	
-197	Increase(-)/decrease in Creditors	-8
-96	Increase/decrease(-) in Debtors	1,405
-5	Increase/decrease(-) in Stock	-32
	Items included in other classifications	
0	Interest paid	-10
741	Interest received	881
-1,328	Net cash flow from revenue activities	485

3. Net Increase in Investments

2002-03 £000		2003-04 £000
0	PWLB repayments	0
6,587	New Temporary Investments	14,252
6,587		14,252

4. Net Increase(-)/Decrease in Cash

2002-03 £000		2003-04 £000
-609	Increase/Decrease(-) in Cash Overdrawn	0
-157	Increase(-)/Decrease in Petty Cash and Cash in Hand	-304
-766	Net Increase(-)/Decrease in Cash	-304

GLOSSARY OF TERMS

CAPITAL EXPENDITURE

Capital expenditure is defined as expenditure on new fixed assets such as land and buildings or on the enhancement of existing assets so as to significantly prolong their useful life, increase their market value or increase the use of the asset.

CAPITAL FINANCING

This term describes the method of financing capital expenditure, the principal methods are loan financing, leasing, capital receipts, capital grants and contributions from third parties.

CAPITAL RECEIPTS

This term describes monies received from the sale of the Council's fixed assets such as land and buildings.

COLLECTION FUND

The Collection Fund is a statutory fund set up under the provisions of the Local Government Finance Act 1988. The fund accounts for income collected from Council Tax and National Non Domestic Rates (NNDR) payers and payments to precepting Authorities in relation to council tax and the Government in relation to NNDR.

CONTINGENT LIABILITIES

Potential losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a provision in the accounts.

DEFERRED CAPITAL RECEIPTS

These transactions arise when fixed assets are sold and the amounts owed by the purchasers are repaid over a number of years. The balance is reduced by the amount repayable in any financial year.

DEFERRED CHARGES

Deferred charges represent expenditure that has been properly capitalised but which do not create a tangible asset for the Council for example improvement grants.

DEFERRED LIABILITIES

These are creditor balances repayable after at least one year.

EARMARKED RESERVES

These are reserves set aside for a specific purpose or a particular service, or type of expenditure.

FIXED ASSETS

These are tangible assets that yield benefit to the Council and the services it provides for a period of more than a year.

GROSS EXPENDITURE, GROSS INCOME AND NET EXPENDITURE

Gross Expenditure and Gross Income arise from the provision of services as show in the General Fund. Net Expenditure is the cost of service provision after the income is taken into account.

HOUSING SUBSIDY

This represents a Government grant payable towards the cost of providing Local Authority housing and the management and maintenance of that housing.

NATIONAL NON-DOMESTIC RATE (NNDR)

Under the revised arrangements for uniform business rates, which came into effect on 1 April 1990, the Council collects Non-Domestic Rates for its area which are based on local rateable values, multiplied by a national rate set by the Government. The total amount, less certain relief's and deductions, is paid to the National pool managed by the Government. These monies are then redistributed back to local and other authorities based on a standard amount per head of the local adult population.

PRECEPT

A precept is a charge raised by one authority on another to meet its net expenditure. The precepting Authorities for this Council are Worcestershire County Council, West Mercia Police Authority and 20 Parish Councils within the Bromsgrove area.

REVENUE SUPPORT GRANT

This funding is the Government Grant provided by the Office of the Deputy Prime Minister (ODPM), which is based on the Government's perception as to what should be spent on local services via the Formula Spending Share. The amount provided by the ODPM is fixed at the beginning of a financial year.

REVENUE BALANCES

These reserves represent surplus accumulated from previous years which can be used in the future.

BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET

26th October 2005

SINGLE STATUS AND JOB EVALUATION

Responsible Portfolio Holder	Cllr R Hollingsworth
Responsible Head of Service	Mr S McGowan, Head of Human Resources & Organisational Development

1. SUMMARY

1.1 This report details the 1997 Single Status Agreement and the implications for Bromsgrove District Council.

2. RECOMMENDATION

2.1 That the Council agrees to use the NJC Computerised Job Evaluation Scheme as the method for implementing Job Evaluation.

2.2 That a Joint Single Status Working Party, with equal officer and trade union representation, be formed to implement single status and job evaluation across the Council.

3. BACKGROUND

Single Status and Job Evaluation - the Position so far

3.1 When the two separate National Joint Council's APT&C and Manual Workers agreements were officially dissolved in 1997, a new National Joint Council for Local Government Services was established in their place. However, before their dissolution the NJC's resolved to adopt an Implementation Agreement and a new Scheme of Conditions of Service, to assist in the delivery of Single Status, known as the "Green Book".

3.2 Following on from the successful conclusion of these national negotiations, individual local authorities were required to enter into discussions regarding implementation of the Single Status Agreement and resolution of any issues that might arise therefrom.

3.3 One of the basic tenets of the Agreement was to enable flexibility at local level. It recognised that local circumstances require local solutions, however, the national agreement provided a framework within which these local solutions could be developed, whilst promoting the concept of equality for all employees, and ensuring "best practice" and the delivery of high quality services to the community.

3.4 As part of the Implementation Agreement, Bromsgrove District Council, along with all other local authorities in the country, are required to undertake a full pay and grading review. The review is necessary to satisfy a key objective of the 1997 Single Status

Agreement, to achieve a fair and non-discriminatory grading structure for all employees. This requirement was restated in the 2004 national agreement, which set a target date of April 2007 for all local authorities to complete these reviews.

- 3.5 To achieve this, all jobs within an Authority and within the scope of the national agreement (the Green Book) will need to be graded on a common basis in accordance with equal pay legislation, and any differences in terms and conditions reviewed.
- 3.6 This provides an opportunity for authorities to modernise pay and conditions to bring about more modern reward practices, whilst at the same time addressing any anomalies in pay, conditions or other terms which may lead to Equal Pay claims against the Council.

Equal Pay

- 3.7 The provisions of the 1970 Equal Pay Act incorporate an 'equality clause' into all contracts of employment and provide employees with the right to make an application to an Employment Tribunal to claim Equal Pay for either, work rated as equivalent, like work, or work of equal value, by citing a comparator of the opposite gender employed by the same employer. In such circumstances the onus is placed upon the employer to objectively justify the basis of the differential, otherwise the Tribunal may find that the reason for such a difference is due to indirect discrimination. Alternatively, the employer can defend such differences where there is a 'genuine material factor defence' e.g. an evidenced market forces justification. Without the baseline of a comprehensive job evaluated pay structure this is very difficult.
- 3.8 Where an employee succeeds with such a claim, the provisions of the Act provide for their pay to be lifted to the level of the comparator and more importantly, provide for retrospective application for a period of up to 6 years.
- 3.9 Whilst Local Government has made a commitment to undertake pay and grading reviews and complete this by March 2007, Trade Unions are holding off submitting any equal pay claims on behalf of their members. However, a number of authorities have been subject to equal pay claims raised via 'no win no fee' solicitors, and recent cases have seen workers in the NHS awarded £20,000 each.
- 3.10 Along with Equal Pay claims, Councils who fail to implement a settlement by the deadline of 2007 risk assisted bargaining (intervention of national union officials), industrial action and the detrimental effect on morale which would result from such actions.

The Local Government Job Evaluation Scheme

- 3.11 The Council currently has no analytical method for evaluation the pay and grading of posts below Chief Officer Level. As detailed in 3.7 above, this makes defending an equal pay claim very difficult for the Council.
- 3.12 Although a number of equal value based job evaluation (JE) schemes already exist, it was agreed by the national employers and the unions at an early stage that no existing scheme was appropriate in the context of single status. Most existing schemes have been designed to cover primarily manual workers or APT&C staff rather than the broad range of occupations which are covered by the national agreement.
- 3.13 The NJC thus undertook to design its own scheme, The Local Government Job Evaluation Scheme, and this was designed nationally by both employers and unions.

The scheme was formally agreed by APT&C Staffs and Manual Workers' National Joint Councils in May 1997 and adopted as part of the single status package by the National Joint Council for Local Government Services in July 1997.

- 3.14 The scheme covers all jobs within the scope of the Green Book, but excludes those covered by the NJC for Chief Officers.
- 3.15 The Local Government Job Evaluation Scheme has been designed to reflect current values, including the principles of equal pay for work of equal value. It has been the subject of scrutiny by the Equal Opportunities Commission and the Commission for Race Equality, and both of these organisations welcomed the scheme.
- 3.16 Nationally, of the 48 authorities who responded to a recent Employers Organisation Survey on Single Status, the NJC computerised scheme was the most popular, with 31 authorities having used this particular method for undertaking job evaluation.
- 3.17 At a local level, the two trade unions signed up to the Single Status Agreement, Unison and GMB, have both indicated support for the use of the Local Government Job Evaluation Scheme within Bromsgrove District Council.
- 3.18 Should Members agree, it is proposed that the Council agrees to use the Local Government Job Evaluation Scheme as the method for undertaking the job evaluation exercise to facilitate the pay and grading review.

Joint Working - Delivering Single Status through Partnership

- 3.19 Advice from all parties who have completed pay and grading reviews, either fully or in part, advocate the need to work jointly with trade unions to ensure effective implementation of the Agreement.
- 3.20 This needs to be done from the earliest stage, with both sides agreeing to an approach, contributing to the project plan, and working together to resolve issues as they arise.
- 3.21 It is proposed that a joint officer / union working group be formed to act as the steering group for the project, with equal membership and a collaborative, partnership approach to working.
- 3.22 This group will report in to the Council's Strategic Management Team and Executive Cabinet as deemed necessary.

4. Financial Implications

- 4.1 Initial start up costs associated with adopting the NJC Local Government Job Evaluation Scheme, are set out below:

	<u>Cost</u> £
Pilat Job Evaluation and Administration Software	6000
Installation and initial one day training	800
Year 1 support and maintenance	600
Laptop computer	2000
Total	9400

4.2 The Council as part of its Medium term Financial Plan included £100,000 for the implementation costs of JE. This was split equally between 2005/2006 and 2006/2007, the £9,400 detailed above will be funded from that provision. The likely cost of implementation of JE is still estimated to be approximately £100,000 and as such any money that remains unspent in this year will need to be carried forward to 2006/2007.

5. Legal Implications

5.1 None.

Contact officer

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BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET

26th October 2005

MEMBER DEVELOPMENT PROGRAMME 2005/2006

Responsible Portfolio Holder	Cllr. M. M. T. Taylor
Responsible Head of Service	Mr S McGowan, Head of Human Resources & Organisational Development

1. Summary

1.1 This report sets out the financial implications of the member development programme for the period 1st October 2005 to 31st March 2006.

2. Recommendations

2.1 That the member development programme be approved for 2005/2006.

3. Background

3.1 As part of the Recovery Plan a Member Development Working Group was set up to address the specific area of Member Development.

3.2 The group is tasked with the development of effective frameworks for development, which include appropriate learning events targeted at Members priorities, providing feedback on events, and prioritising spend on development to align with corporate priorities.

3.3 The group commissioned a Members development needs report from Advanced Human Resources as a basis for planning the first half year of development activity, and this programme is based on the findings of that report (March 2005).

3.4 This approach was supported by the development of a strategy, approved at the meeting of 18th July 2005, which affirmed the organisations commitment to the development of elected members, and underpinned the approach to development as a key driver in the achievement of improvement across the Council.

3.5 The programme, attached as Appendix A to this report, was agreed by the Member Development Working Group on 12th September 2005.

3.6 Executive Cabinet requested at the meeting of 28th September detailed costing of the programme. This is provided in the financial implications overleaf.

4. Financial Implications

4.1 The costs of the programme are as follows:-

• Equality and Diversity Training	£1,200
• Speed Reading	£1,100
• Chairing Skills	£550
• Presentation Skills	£1,100
• Media Training	£2,400
• Introduction to Microsoft Word	£450
• Introduction to Microsoft Excel	£450
• Introduction to Microsoft Outlook	£450
• Introduction to Microsoft PowerPoint	£450
• Financial Awareness Training	£0
• Health and Safety Awareness	£0
• Single Status Training	£0

Total £8,150

4.2 The programme outlined would be funded from the Member Development budget of £30,250 allocated for 2005/6

5. Legal Implications

5.1 None.

Background Papers

Member Development Strategy July 2005

Councillors' Development Needs Analysis Report (prepared by AHR) March 2005

Contact officer

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Member Development Programme

Bromsgrove Council

October 2005 - March 2006



Introduction

This booklet is the first of a new programme of Member Development activities which have been designed to meet Members' personal development needs as well as creating a programme which meets the needs of the organisation.

This programme will be produced half yearly, and the content of each programme will reflect current issues for the organisation, members' priority issues in generic skills development, and specific skills development for some members in specific roles.

The programme has been put together by the Member Development Working Party, following on from a Training Needs Analysis exercise conducted on their behalf by Advanced Human Resources. The Working Group would like to express particular thanks to those 36 Members who took part in the survey.

If you have any feedback or comments about this programme please contact a member of the Member Development Working Group, listed below, or Steve McGowan, Head of Human Resources and Organisational Development.

Members of the Group

C.B. Lanham (Chairman)
Mrs K M Gall (Vice Chairman)
G.N. Denaro
B.L. Fuller CBE QFSM
D Hancock
Ms J.A. Marshall
N. Psirides J.P.
C.R. Scurrrell
E.C. Tibby
A.L. Deakin

Scheduled Events - October 2005 to March 2006

October 2005

Course Title	Date	Duration	Provider / Venue	Who Should attend	Programme Outline
Media Training	Monday 24 th October 2005 6.30 pm - 9.30 pm	3 hours	Mark Fletcher of Reputation Committee Room	Any Member	Thinking like journalists Getting news values under your skin Developing key messages Soundbites Live interviews Tactics Preparation Delivery
Media Training	Thursday 27 th October 2005 6.30 pm - 9.30 pm	3 hours	Mark Fletcher of Reputation Committee Room	Any Member	Thinking like journalists Getting news values under your skin Developing key messages Soundbites Live interviews Tactics Preparation Delivery

November 2005

Course Title	Date	Duration	Provider / Venue	Who Should attend	Programme Outline
Media Training	Thursday 3 rd November 2005 6.30 pm - 9.30 pm	3 hours	Mark Fletcher of Reputation Committee Room	Any Member	Thinking like journalists Getting news values under your skin Developing key messages Soundbites Live interviews Tactics Preparation Delivery
Speed Reading	Friday 4 th November 2005 2 - 5 pm	½ day	Stuart Murray, WMLGA Council Training Room	Any Member	Techniques for dealing with volumes of information through practical work and discussion, course delegates will have learnt how to: *read faster with improved comprehension and memory *preview / survey written materials effectively
Introduction to Microsoft Word	Thursday 10 th November 2005 9.15am - 4.45pm	Full day	New Horizons Council Training Room	Any Member	Creating and formatting documents, using text / font functions, margins and paragraphs, bullets and numbering, saving documents

Financial Awareness	Tuesday 22 nd November 2005 6.30pm - 8.30pm	2 hours	Kevin Dicks / Jayne Pickering Council Chamber	Any Member	Overview of financial arrangements within Local Government
Financial Awareness	Monday 28 th November 2005 6.30pm - 8.30pm	2 hours	Kevin Dicks / Jayne Pickering Committee Room	Any Member	Overview of financial arrangements within Local Government

December 2005

Course Title	Date	Duration	Provider / Venue	Who Should attend	Programme Outline
Speed Reading	Thursday 1 st December 2005 2 - 5 pm	½ day	Stuart Murray WMLGA Conference Room	Any Member	Techniques for dealing with volumes of information Through practical work and discussion, course delegates will have learnt how to: *read faster with improved comprehension and memory *preview / survey written materials effectively
Speed Reading	Thursday 1 st December 2005 6 - 9 pm	½ day	Stuart Murray WMLGA Conference Room	Any Member	Techniques for dealing with volumes of information Through practical work and discussion, course delegates will have learnt how to: *read faster with improved comprehension and memory *preview / survey written materials effectively
Equality and Diversity	Friday 2 nd December 2005 2.00pm - 5.00pm	3 hours	Tania Leslie, Council Training Room	Any Member	What is Equal Opportunities and Diversity? Legislation governing this area Issues within Bromsgrove

Introduction to Microsoft Excel	Thursday 8 th December 2005 9.15am - 4.45pm	full day	New Horizons Council Training Room	Any Member	Setting up and navigating spreadsheets, basic formula, cell formatting, saving data
Equality and Diversity	Friday 9 th December 2005 2.00 pm - 5.00 pm	3 hours	Tania Leslie, Training Room	All Members	What is Equal Opportunities and Diversity? Legislation governing this area Issues within Bromsgrove

January 2006

Course Title	Date	Duration	Provide / Venue	Who Should attend	Programme Outline
Introduction to Microsoft Outlook	Thursday 17 th January 2006 9.15am - 4.45pm	full day	New Horizons Council Training Room	Any Member	Overview, introduction to Microsoft Outlook, E-Mail and the internet
Speaking "Off the Cuff" Presentation Skills	Monday 23 rd January 2006 10 am -1pm	3 hours	Emma Taylor WMLGA Conference Room	Any Member	Effective public speaking, speaking to groups or at meetings Dealing with nerves Addressing the audience needs
Speaking "Off the Cuff" Presentation Skills	Monday 23 rd January 2006 2 pm - 5 pm	3 Hours	Emma Taylor WMLGA Conference Room	Any Member	Effective public speaking, speaking to groups or at meetings Dealing with nerves Addressing the audience needs
Speaking "Off the Cuff" Presentation Skills	Wednesday 25 th January 2006 2pm - 5pm	3 hours	Emma Taylor WMLGA Committee Room	Any Member	Effective public speaking, speaking to groups or at meetings Dealing with nerves Addressing the audience needs

Speaking "Off the Cuff" Presentation Skills	Wednesday 25 th January 2006 6pm - 9pm	3 hours	Emma Taylor WMLGA Conference Room	Any Member	Effective public speaking, speaking to groups or at meetings Dealing with nerves Addressing the audience needs
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February 2006

Course Title	Date	Duration	Provider / Venue	Who Should attend	Programme Outline
Introduction to Microsoft PowerPoint	Wednesday 8 th February 2005 9.15am - 4.45pm	full day	Training Room	Any Member	Setting up presentation slides, using effects, themes and layouts
Health & Safety Briefing	Tuesday 14 th February 6.30pm - 8.30pm	2 hours	Mike Cartwright Council Chamber	Any Member	Outline of legal framework and position of elected members in Health and Safety issues
Effective Chairing Skills	Tuesday 21 st February 10am - 1pm	½ day	Iris Howell - WMLGA Committee Room	Any Member	What makes an effective Chair Preparation and presentation Listening Skills Managing disagreement Time Management

March 2006

Course Title	Date	Duration	Venue	Who Should attend	Programme Outline
Single Status Background Briefing	Tuesday 14 th March 2006 6.30pm - 8.30pm	2 hours	Steve McGowan Council Chamber	Any Member	Overview of Single Status process, background, requirements and potential impact

Booking Procedure

To book a place on any of the courses detailed please complete the attached booking form and return to Human Resources & Organisational Development, or you can book on line using the pro-forma available on the Council's intranet site.

Bookings need to be made within 4 weeks of the course date, and places will be allocated as they are received.

If places on courses are not requested the course may be cancelled to avoid the Council incurring a fee from the provider. Please remember, places on some courses will be limited because of the nature of the course, so book early to ensure your place.

Confirmation of your booking will be sent to you, along with any additional joining instructions you need, at least 7 days prior to the date of the course.

Once your place has been confirmed you should make every effort to attend, as there will be costs incurred for all courses and so it is important to maximise the attendance at each session.

If you are not successful in being allocated a place you may be asked if you could attend at short notice as a reserve, should anyone who is allocated a place be unable to attend.

Other Sources of Support / Development

Aside from the courses outlined here, there are a number of other development initiatives taking place across the Council which may be of interest to Members. They are:

Bromsgrove Capacity Building Programme

The Council has submitted to the Office of the Deputy Prime Minister a Capacity Building bid. The bid is to support a Bromsgrove Capacity Building Programme to which there are four themes:-

Theme 1 - Top Team development. At a senior level, it looks to build strategic capacity at Elected Member and Senior Management level, to help develop and improve corporate leadership for Bromsgrove DC.

Theme 2 - Member Development. To develop elected members capacity, competence and confidence to undertake their roles and responsibilities.

Theme 3 - Middle Management development. To enhance the skills, knowledge and abilities of existing middle management.

Theme 4 - Performance Management. To help embed a performance management culture across the Council.

Events from the Capacity Building programme will run alongside the courses detailed in this document.

ICT Training

As well as the facilitated courses detailed in this document, a wide range of training programmes to improve ICT usage through self directed learning are available. These can either be accessed through your own PC or in the Council's Training Room. For further information on self directed IT learning, please contact Helen Parkinson, Training Officer, on extension 1274.

IDEA Councillor Mentoring Programme

Each Group has a Councillor Mentor appointed to it to provide mentoring support. Further details of this area available from your Group Chairman.

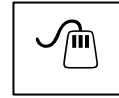
Members Training Programme Booking Form

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BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET

26TH OCTOBER 2005

BROMSGROVE TECHNOLOGY PARK - DESIGN GUIDE

Responsible Portfolio Holder	Councillor Mrs. M. M. T. Taylor
Responsible Head of Service	Interim Head of Planning and Environment Services - Mr. P. Allen

1. SUMMARY

- 1.1 A design guide has been prepared for the new Bromsgrove Technology Park a copy of which has been placed in the Members' room. Advantage West Midlands, Bromsgrove District Council, and Central Technology Belt were responsible for its preparation. The new park will be situated on a 10-hectare site formerly occupied by part of the Garringtons forging plant.
- 1.2 The document describes the form of development and standards to be required within known constraints and identified opportunities. The design guide will help to encourage and promote the evolution of a high status technology based business park.
- 1.3 The design guide is split up into a number different sections, firstly sections explaining the vision and the principle behind the Central Technology Belt and Bromsgrove technology park, followed by a brief site analysis and masterplan outlining the potential layout and phasing of the site. More detailed sections explaining the design principles, and the landscape strategy form a considerable element of the guide. Two final sections highlight the development team and contain the supporting appendices.

2. RECOMMENDATION

- 2.1 That Members approve the guide as a material consideration when considering development proposals on the site. All applications will be judged against the principles of design and layout indicated in this design guide.

3. BACKGROUND INFORMATION

- 3.1 The central technology belt closely follows the route of the A38 from Birmingham to Worcester. The aim of the belt is to support the diversification of the regions manufacturing industry, into new technology rich sectors. The regions further educational establishments many of which are situated on the A38 corridor contain high number of graduates in fields such as science, engineering, medicine and business management, the central technology belt aims to take advantage of these skills. The Bromsgrove technology park forms an important new location along the route.

3.2 The vision for the technology park is the creation of a community of companies that will all use high technology as an integral part of their business activity. It is intended the companies attracted to the site will be a mixture of new business start-ups, and established businesses.

4. Financial Implications

4.1 The design guide has been fully funded by Advantage West Midlands. There are no financial implications to Bromsgrove District Council.

5. Legal Implications

None

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BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET

26th October 2005

HACKNEY CARRIAGE FARES

Responsible Portfolio Holder	
Responsible Head of Service	Interim Head of Planning and Environment Services

1. **Purpose of Report**

To consider whether the Council's table of Hackney Carriage Fares should be regarded as a table of fixed fares, or a table of maximum fares.

2. **Recommendation**

That the existing situation, under which the table of fares is regarded as a table of fixed fares (meaning that no vehicle owner can charge less than the fare stated in the table) be continued. However, if this recommendation is not accepted and the Cabinet is in favour of a change to a table of maximum fares, it will be necessary to ask the Licensing Committee to make the appropriate adjustments to the Conditions on Vehicle Licences and Driver's Licences.

3. **Background**

- 3.1 At a meeting held on 20th June 2005, the Licensing Committee discussed a wide range of matters with representatives of the local taxi trade. Most of the matters discussed related to the taxi licensing system and fall within the remit of the Licensing Committee, but an issue was raised relating to Hackney Carriage Fares. The Licensing Committee agreed that the question should be re-examined, but this is a matter for the Executive Cabinet to decide.
- 3.2 Members may recall that at the meeting of the Executive Cabinet held on 24th August 2005, Members gave consideration to the Council's Policy in respect of its table of Hackney Carriage Fares, however, at the Meeting it was agreed that the matter be deferred and that a formal consultation with all Hackney Carriage owners be undertaken.
- 3.3 Following the consultation with the owners, only 7 responses were received out of 28. From those responses received, 5 owners were in favour of retaining the existing fixed fares Policy, whilst 2 owners were in favour of adopting maximum fares.
- 3.4 At present, the table of fares prescribed by the Council is regarded as a table of fixed fares, meaning that no vehicle owner may charge less than the amount prescribed by the table for any journey. Some representatives of the Association who were present at the meeting held on 20th June 2005 asked that the Council should make a change to regarding the table as one of maximum fares, meaning that a vehicle owner could charge less than (but not more than) the prescribed amount for any journey. It has to be said that not all the representatives of the trade who were present seemed to be in favour of this change. The reason for the request appears to have been a desire to charge less to certain members of the community - the elderly were one group mentioned.

3.5 The question of whether the fares table should be regarded as “fixed fares” or “maximum fares” has a long and convoluted history in Bromsgrove, culminating in widespread consultations and several Committee reports in 1997-8. To summarise this history, the Council started out in 1987 with no table of fares at all, then introduced a table of maximum fares, changed to a table of fixed fares, back to a table of maximum fares and finally, in 1998, back to a table of fixed fares again! At the time of the final change, both the Bromsgrove Taxi Owners and Operators Association, and all the Hackney Carriage owners who responded to a second consultation exercise (although it has to be said that only 5 out of 26 responded at all) were in favour of fixed fares.

3.6 However, as in 1998, the Cabinet will need to direct its prime concern towards the orderly and efficient use of Hackney Carriage ranks in the District. The Council’s rules and byelaws clearly require a passenger to hire the vehicle in first place on a hackney carriage rank (which will always be the vehicle which has been waiting there for the longest period). The “first vehicle” rule becomes difficult to enforce in a situation where the prospective passenger knows that he is likely to obtain a cheaper journey by using the second or third vehicle waiting on the rank (as might be the case if some firms were offering discounts but others were not), but if it is known that all vehicles will charge the same fare, then this problem is overcome. This point was made by one owner at the Licensing Committee’s meeting on 20th June 2005 as he indicated that he was not in agreement with his colleagues’ suggested change.

4. Financial Considerations

There are no financial implications for the Council in this matter.

5. Legal Considerations

The most relevant case on this matter was Sparkes v Newark and Sherwood District Council in 1986. The Magistrates’ Court held that it was not legal to charge less than the amount shown on the taximeter. On referral, the Crown Court supported this decision but, apparently unsure of whether it was correct or not, referred the question to the High Court for a decision. The case was then abandoned, leaving the legal situation completely unclear! The only conclusion which can be reached is that both “fixed fares” and “maximum fares” are legal - a conclusion which is supported by the varying positions adopted by other Councils.

6. Risk Considerations

6.1 If the Council changes its policy, there is a risk of causing confusion, and possibly conflicts, on the Hackney Carriage ranks if prospective passengers attempt to hire vehicles which are not first on the rank. There is a possibility of arguments developing between taxi owners and/or passengers.

6.2 If the Council continues its policy, the main difficulty surrounds enforcement. If a complaint of undercharging is received, the only way of proving an allegation is likely to be if the passenger is prepared to give evidence that he/she has been charged at less than the prescribed rate.

Background Papers

None

Contact officer

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BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET

26th October 2005

CONCESSIONARY FARES COUNTYWIDE SCHEME PROPOSAL

Responsible Portfolio Holder	Peter Whittaker
Responsible Head of Service	John Parkinson

1. SUMMARY

1.1 Worcestershire County Council have proposed the introduction of a countywide concessionary fares scheme, which will also include free travel on journeys outside of the County, from 1st April 2005. This report examines the proposal and the likely effects of approval.

2. RECOMMENDATION

2.1 That Members agree in principle to the adoption of the proposed scheme from 1st April 2006 subject to clarification regarding the cost and mechanism for the proposed procurement of smart cards, and that the County Council produce the following documents to support this proposal;

- Project Initiation Document
- Business Case
- Project Costs Estimate
- Implementation Plan

2.2 That the budgetary provision for concessionary fares reimbursements is amended to £513k for the year 2006/2007.

2.3 That Members approve the introduction of a £30 charge for the issue of concessionary parking permits from 1st April 2006.

3. BACKGROUND

3.1 The Transport Act 2000 required that eligible older people or those with disabilities are permitted to travel for no more than half the commercial adult fare on local bus services within the District after 0930 from Monday to Friday and at any time at weekends. Each District Council in Worcestershire provides their own (and more generous) version of the concessionary fares scheme which allows eligible residents discounted travel on local buses.

3.2 Residents who are eligible because they are aged 60 or over, or who meet the eligibility criteria through disability, are entitled to apply for a bus pass. When this is presented to the driver, he will automatically deduct the concession. Bus operators

record the amount of revenue foregone and then present the District with a claim for this revenue, normally at the end of the calendar month.

- 3.3 Any claim for reimbursement has a generation factor applied to it which reduces the amount paid. The generation factor assumes that a number of the journeys which pass holders have made would not have been if the pass was not provided. Each District currently has differing generation factors across the County.
- 3.4 The current scheme operated by the Council allows free travel within the District at any time, and up to £1 off any portion of a journey which takes place outside the District. This is substantially more generous (and also more expensive) than the statutory minimum (ie the absolute minimum that the Council is obliged by legislation to provide for eligible residents) the Council is required to provide. The statutory minimum, as already indicated in 3.1, is currently at least half fare bus travel within the District after 0930 Monday to Friday, and any time at weekends. From the 1st April 2006 the statutory minimum will change and become free bus travel within the District after 0930 Monday to Friday, and at any time at weekends.
- 3.5 The proposed scheme would allow residents to travel on buses at no cost provided the journey started or ended in the District. This would allow a resident of the District of Bromsgrove to travel free of charge from Malvern to Redditch via any combination of buses. It would also still allow residents to travel outside the District to other Counties or areas such as Birmingham.
- 3.6 The County Council have made it clear that they would wish to see the benefits of a combined countywide scheme in place for many years. Such a scheme would offer simplicity for the pass holder and operator alike, and would create the possibility for efficiency savings in administration and provision. For example, there are currently six District Councils all providing different passes from different suppliers. In procurement terms this alone represents an opportunity for savings. The change to the statutory minimum from April next year will bring all the schemes operated by the Districts closer together, and this, combined with the introduction of the Worcestershire Hub which offers the means to issue the concession, makes the concept of the countywide scheme more realistic.
- 3.7 Officers representing the Council at concessionary fares meetings have stressed the importance to residents of Bromsgrove District of having a scheme which permits cross boundary travel into other counties. Around half of the pass holders living in Bromsgrove use their pass to access essential services outside of the County, and this has been reflected in customer satisfaction surveys which make it clear that a countywide scheme that allows a concession to be applied solely within the County would be favoured by around 16% of those asked, with over 80% being in favour of retaining the existing scheme.
- 3.8 Worcestershire County Council have offered a grant towards the budget for concessionary fares claims provided that the certain terms are met by the Districts. This letter is attached as appendix A to this report.
- 3.9 Whilst officers welcome the approach from the County, there are a number of concerns over this offer. These are listed below.
- 3.10 The timescale for making a decision is extremely tight. The Council will itself have to decide what scheme it is to operate from 1st April 2006 by the end of November at the latest in order for the budget to be set and the bus operators to be notified.

- 3.11 The timescale for the introduction of smart cards is again very tight and there is no indication of any costs involved. Officers are waiting a response from the County Council detailing the indicative costs of setting up such a scheme. Officers would advise that the introduction of smart cards is extremely important in ensuring that claims for reimbursement from bus operators are accurate and auditable.
- 3.12 There is no firm commitment from the County Council concerning any grant, or increase / decrease in the amount offered, after the year 2006/2007. Therefore, there is the possibility that the County may be unable to continue with the proposed scheme after 2006/2007 for a number of reasons, and the District Council may then be left with an expensive scheme without any grant being available from the County. This would then require the Council to decide on whether to continue with an extremely generous, and therefore expensive, scheme, or to revert to a cheaper and more affordable scheme with the possibility of negative comments that could accompany what could be perceived as a failure.
- 3.13 The proposal is dependant on every District agreeing to the adoption of the proposed scheme. The cost for Bromsgrove in moving to the proposed scheme is going to be considerably less than Districts who currently have a less generous scheme, such as Worcester City Council. At the time of writing Wychavon District Council have informally indicated that they will accept the proposal from the County Council.
- 3.14 The proposed scheme does take into account the requirements of those residents who benefit from a concession when travelling within adjoining Counties. It would also generate a significant good news story for the Council and any partners involved in the scheme as the proposed scheme would be similar to the scheme provided in the West Midlands, Wales, and Scotland.

4. FINANCIAL IMPLICATIONS

- 4.1 The current budget for 2005/2006 for concessionary fares reimbursements is £401k. Based on current predictions relating to payments to operators, including funding of consultancy work by JMP Consultants and increases in fares caused by fuel prices and staff shortages, it is likely that this budget will be overspent by up to £40k.
- 4.2 JMP Consultants have indicated that adopting the proposed scheme would cost the Council £513k, and represents an increase of 28% or £112k on the current budget. The County would be prepared to fund £54k of the additional costs, leaving a shortfall of £58k. The predicted figure does not include any increase in fares for whatever reason, and it is apparent that fares are more likely to rise than to fall.
- 4.3 The lack of indicative figures for the procurement and issue of smart cards does not currently permit the Council to make an informed decision. The County Council have been formally contacted to request this information, and officers are waiting for a reply. The Transport Administration Officer investigated the use of smart cards in 2004 when each card would have cost £4. Today this would represent a cost for the smart cards alone of over £24k without the administrative cost of issuing them being taken into account. First Midland Red Bus Limited, who operate around 70% of services in the District, currently use ERG ticket machines which have the ability to read smart cards. Officers will endeavour to provide budgetary

information regarding smart cards before the next meeting of the executive cabinet on 26th October 2005.

- 4.4 The Council has attempted to link transport issues such as bus travel and car parking by introducing a £30 charge for those drivers who wish to receive both a bus pass and parking permit. However, there are nearly 6 000 permits in circulation and an overwhelming number of these make no contribution to the costs involved in the issue of these permits. The issue of up to 100 permits per week also has a significant effect of the workload of staff at the customer service centre, and the computer system used in administering the permits is now struggling with the sheer volume of work and causes significant delays for staff and customers when used.
- 4.5 Officers are preparing a separate report reviewing the car parking operation in which there will be a recommendation which proposes charging a reasonable fee for concessionary parking permits on the basis that they are unsustainable and, contrary to regional and national strategies, actively encourage use of the car. Although the revenue generated through charging for these permits was not the reason for the proposed introduction of charges, it would go some or all the way in offsetting the £58k shortfall and make the reason for the introduction of charges for permits easier to justify. The detailed financial implications will be presented to Members at a later date.
- 4.6 If no other funding streams are available for the shortfall of £58k a full revenue appraisal will be submitted to Members as part of the 2006/2007 budget process.

5. LEGAL IMPLICATIONS

- 5.1 Any changes to the scheme chosen for operation from 1st April 2006 will require a decision by the end of November 2005 at the absolute latest.

BACKGROUND PAPERS

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Ms Susan Nixon
Chief Executive
Bromsgrove District Council
The Council House
Burcot Lane
Bromsgrove
B60 1AA

29 September 2005

Our ref: P053/PRB/KK

Dear Susan,

CONCESSIONARY FARES

I am writing to confirm the County Council's formal offer towards your District's Concessionary fares scheme for 2006/2007.

Following discussions at the Worcestershire Joint Members Integrated Passenger Transport Forum and the Concessionary Fares Sub Group the County Council undertook to make an offer to 'top up' each District's funding to facilitate a County wide concessionary fares scheme by 30 September.

I set out below the terms of the County Council's offer:

1. This offer is subject is conditional on all six Worcestershire Districts accepting the offer by 31 October 2005:
2. The offer is based on the County Council making a grant totalling £315,500 based on £2.50 for each eligible resident as determined by the number of over 60 year olds in each District according to the 2001 census. See table below.

Pete Browne
Head of Waste and
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Management

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WORCESTER
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INVESTOR IN PEOPLE

26-10-05 Concessionary Fares Appendix A (Item 14)
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P103 050929 Concessionary Fares

Population statistics	Number of over 60s in '000s	% of population over 60	Contribution from County Council
Bromsgrove	21,500	24%	£ 53,750
Malvern Hills	20,600	28%	£ 51,500
Redditch	14,000	18%	£ 35,000
Worcester	18,200	19%	£ 45,500
Wychavon	28,300	24%	£ 70,750
Wyre Forest	23,600	24%	£ 59,000
totals	126,200	23%	£ 315,500

For your district this grant would therefore be £53,750.

3. The grant is dependent on each District providing the same scheme County-wide, being travel within and outside of the County with start and end any where within the County [see (a) JMP report entitled Free Travel for Elderly and Disabled People in Worcestershire, dated 25 August 2005 and (b) map showing extent of geographic coverage – to be provided under separate cover].
 4. The grant is also dependent on the Districts jointly procuring and funding smart cards to an agreed specification. NOTE: it is envisaged that the smart cards will be issued on a life-time basis through the Worcestershire Hub and therefore result in significant cost and administrative savings over the following years. The County Council is prepared to lead on the smart card procurement process.
 5. Worcestershire County Council will also fund under 19s concessionary fares pilots for 2006/07 in order to provide base data for consideration of a county wide scheme in 2007/08 as has been implemented in Worcester through Project Express, with the longer term aim of reducing school traffic and encouraging young people to continue to use integrated passenger transport.
 6. As agreed at the Concessionary Fares Subgroup, in addition to the grant offered, the County Council will continue to provide additional funding for the work undertaken by JMP on the administration of the schemes. The agreement is now for this work to be jointly undertaken for all Districts under one contract administered by the County Council until 31 March 2007. It is proposed to review this arrangement during 2006/07 with a view to seeking the most effective solution for the longer term future.
 7. The County Council will work with the districts in jointly negotiating a county-wide generation factor and any savings will be shared out pro rata based on financial commitment to the total scheme (estimated cost is £3.2 million county wide).
-

8. We will review the position for 2007/08 no later than end of September 2006.

Yours sincerely,

Pete Browne
Head of Waste and Passenger Transport Management

Distributed to:
District Council Chief Executives

Copied to:
Lead Officers of Joint Worcestershire Integrated Passenger Transport Forum
Representatives on Concessionary Fares Scheme Sub Groups
