

STATEMENT OF ACCOUNTS

2002/03

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EXPLANATORY FOREWORD

The statement of accounts presents the financial position and performance of the Council for the year to 31st March 2003. This foreword describes the nature and purpose of each of the statements which follow and the principal items of interest or note which are contained within the accounts.

THE FINANCIAL STATEMENTS

The Annual Statement of Accounts for the year ended 31st March 2003 has been prepared in accordance with the guidelines contained within the latest Code of Practice on Local Authority Accounting in Great Britain.

The Council's accounts for 2002/03 are set out on pages 13 to 48 and consist of the following:

Consolidated Revenue Account: brings together all the Councils income and expenditure in a single statement. This statement also shows how expenditure was funded, together with the year end balance on the General Fund.

Housing Revenue Account: reflects the statutory requirement to maintain a separate account for Council housing.

The Collection Fund: shows the business rate and council tax income collected on behalf of Staffordshire County Council, the Police Authority, and this Council's General Fund.

Consolidated Balance Sheet: sets out the overall financial position of the Council as at 31st March 2003

Statement of Total Movements in Reserves: brings together all recognised gains and losses to the authority during the year identifying those which have and have not been recognised in the consolidated revenue account. The statement separates the movements between revenue and capital reserves.

Cash Flow Statement: complements the consolidated revenue account and balance sheet by disclosing the inflows and outflows of cash to and from the Council in the course of the year.

These accounting statements are supported by the Statement of Accounting Policies which follow this Foreword, and appropriate notes to the accounts.

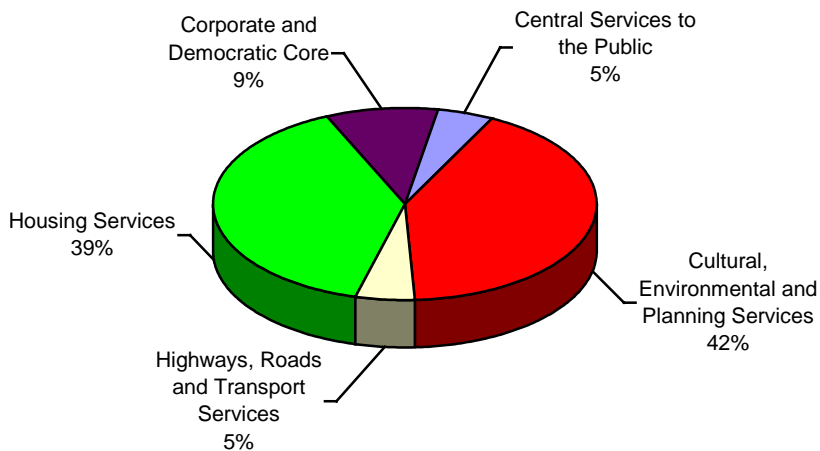
FINANCIAL PERFORMANCE

Overall Revenue Position

The consolidated revenue account on page 13 shows a nil general fund deficit for the year. This was an improvement of £336k from the planned contribution from balances at the start of the year. General fund balances of £503k (with the minimum approved level being £500k) brought forward from 2001/02 therefore remain unchanged.

The overall revenue financial position relating to council housing as given on page 23 shows a surplus for the year of £346k. This was £270k higher than the approved budget for the year. This has been added to the balance brought forward from 2001/02 of £341k resulting in a cumulative surplus of £687k to be carried forward to 2003/04.

Services Provided (Consolidated Revenue Account Net Cost of Services £18.276 million)



The 2002/03 Budget

General Fund

The main components of the General Fund approved budget (including strategic short-term decisions made by Members in reducing the original budget by £475k during the financial year to address a predicted deterioration in the financial position of the Council) and how these compare with actual income and expenditure are set out below.

The net expenditure of the Council was £7.15 million, representing an overspend of £138k. Major differences between the approved budget and the outturn were as follows:

- Reduced rental income receipts from Industrial Property rents of approximately £88k, due to a high number of void industrial units;
- An overspend on the Refuse Collection contract of £66k;
- Lower Market rent income and a delay in implementing the street traders licence scheme contributing to an overspend of £98k;
- A net overspend of £106k (*compared to £182k reported in the Best Value Performance Plan*) for Rent Allowance & bed and breakfast payments;

Tamworth Borough Council

- Additional receipts of planning application fee income of £109k;
- Other Town Planning Services underspends of £91k.
- Additional income from investments of £169k due to increased income from a high level of council house sales;
- A transfer of £318k to a Specific Contingency Reserve to be utilised in 2003/04 for any unforeseen expenditure (or income shortfalls) or costs arising from changes in the Prudential Code;
- The Highways & Transportation and Arts & Tourism Services each generated a net underspend of £68k.

A summary of the General Fund net expenditure, compared to approved budget, (including decisions made by Members during the financial year) is shown below:

Service Unit	Actual Net Expenditure £	Budget £	Difference £
Accountancy	0	28,330	(28,330)
Arts & Tourism	1,054,070	1,122,050	(67,980)
Assets	741,352	807,780	(66,428)
Audit	0	150	(150)
Environmental Health	2,592,479	2,482,540	109,939
Executive Office	803,815	792,843	10,972
Executive Unit	554,977	582,950	(27,973)
Highways & Transportation	468,820	537,190	(68,370)
Housing	621,061	515,080	105,981
Information Systems	0	24,520	(24,520)
Legal Services	(181,433)	(172,270)	(9,163)
Leisure & Amenities	3,026,523	2,910,310	116,213
Revenues	1,133,073	1,158,520	(25,447)
Town Planning	163,127	363,250	(200,123)
Net Cost of Services	10,977,864	11,153,243	(175,379)
Asset Management Revenue A/c	(3,622,972)	(3,394,190)	(228,782)
Other Core Costs	(206,533)	(748,570)	542,037
Other Costs	(3,829,505)	(4,142,760)	313,255
Total Net Expenditure	7,148,359	7,010,483	137,876

(The above figures exclude the revenue effects of Deferred Charges)

The approved budget of £7.01 million (shown above) required a contribution to balances of £138k in order to meet the budget requirement for the authority. Following the transfer of £318k to the Specific Contingency Reserve detailed above, the actual spend for last year resulted in a nil contribution to the General Fund balances.

Council Housing

A summary of the Housing Revenue Account for 2002/03, compared with the approved budget (including decisions made by Members during the financial year) is shown below:

Council Housing Summary

Housing Revenue Account	Approved Budget £	Actual £	Variance £
Surplus for the Year added to HRA balances	75,960	345,547	269,587

The major overspends between approved budget and actual spend were as follows:

- Reduced subsidy due to a reduction in benefit activity and increase in debt management expenses £67k.
- Reduced rental income following an increase in house sales under the “Right to Buy” scheme £129k.
- Increase in debt management expenses £126k

Significant underspending against approved budget is detailed below:

- Reduced housing benefits claims £176k.
- An overall reduction in net management costs, primarily through not utilising reserves £294k.
- Reduced provision for bad debts £44k.

Capital Expenditure

During 2002/03 the Council spent £5.52 million on capital works. A breakdown by service and source of finance is shown as notes 1.d.ii and 1.d.iii to the consolidated balance sheet on page 35. The sources of finance are divided into external and internal sources. The internal sources are mainly reserves built up in previous years and capital receipts from the sales of council houses.

No major assets were acquired by the Council during 2002/03. All expenditure related to improvement, enhancement or ongoing construction works. The only significant disposals of assets during 2002/03 were right-to-buy sales on Council houses, land at Sandy Way (Amington) and the Arts Centre.

A total of £577k spending originally planned for 2002/03, or earlier, has been deferred to 2003/04. Housing schemes make up £310k of the deferred spend. Another significant delay includes the refurbishment of the lifts at Marmion House.

Provisions, Reserves and Balances

The working balances at 31st March 2003 stand at £12.4 million and comprise provisions, earmarked reserves (including general capital reserve) and revenue balances. This includes the £0.6 million commitments from 2002/03 and previous years carried forward to 2003/04 on capital projects.

Borrowing Facilities

The Council borrows funds where necessary to meet both long-term capital expenditure commitments and short-term cash flow demands. Funds are borrowed from the Government (Public Works Loan Board) and from the commercial money market (banks, building societies and other lenders). A summary of the Council's borrowing at 31st March 2003 is provided below while further information can be found in the notes to the consolidated balance sheet.

Borrowing Facilities

Fixed Rate Debt

Public Works Loan Board

Commercial Money Market

Variable Rate Debt

Public Works Loan Board

£ million
21.8
9.0
0
30.8

NEW ACCOUNTING STANDARDS

Accounting for pension costs is undergoing substantial change over the financial years 2002/03 to 2004/05 in order to comply with Financial Reporting Standard 17. There is no specific change to accounting requirements on the face of the accounts in the year 2002/03, but note 19 to the balance sheet discloses details of pension fund performance in the year, in relation to the council, and the net liability relative to retirement benefits.

Further information about the Statement of Accounts is available from the Chief Finance Officer, Tamworth Borough Council, Marmion House, Lichfield Street, Tamworth, Staffs. B79 7BZ Tel : 01827 709252.

This is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press and on the Council's website at www.tamworth.gov.uk

Statement of Accounting Policies

1 General

The accounts have been drawn up in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2002, which is recognised by statute as representing proper accounting practices.

2 Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. This includes assets acquired under finance leases which have been capitalised and included in the balance sheet on the basis of the outstanding obligation to make future rental payments.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors.

The assets were valued on the following basis:

- Properties regarded by the authority as operational are valued on the basis of open market value for the existing use. Where this cannot be assessed because there is no market for the asset, the valuation is at depreciated replacement cost.
- Fixture and Fittings are included in the valuation of the building.
- The assets included in Vehicle, Plant & Equipment refer to Information Systems, both hardware and software, and these are reflected in the balance sheet at historical cost net of depreciation.
- Infrastructure and community assets are included at historical cost.

Not all properties are inspected, as this is neither practicable nor considered by the valuer to be necessary for the purpose of the valuation. A de-minimus level of £10k is applied to all properties.

The value of all capital assets included in the Council's balance sheet, is assessed as part of the 5-Year Rolling Programme of revaluations undertaken by the Council's Property Surveyor. Revaluations were brought up to date during 2002/03.

3 Depreciation

All Fixed Assets to which depreciation is applied, except those defined as Council Dwellings, are depreciated on a straight line basis over the period of their useful economic life.

Council Dwellings depreciation is based upon an amount equal to the major repairs allowance, calculated in line with ODPM guidance. This represents an average repair cost multiplied by the number of dwellings.

Furniture and equipment owned by the council, excluding individual items of I.S. equipment valued over £5k is charged to revenue in the year of acquisition and is not capitalised in the accounts. A charge for depreciation is made for significant items of I. S. equipment, calculated using the straight- line method over a period of three years.

Depreciation, in the form of the capital element of finance leases is charged to the Revenue Accounts in cases where the asset was acquired by way of a finance lease.

4 Capital Charges

Revenue accounts are charged for the use of all fixed assets used in the delivery of services. Capital charges comprises an asset rent, reflecting the cost of capital tied up in the asset and a depreciation charge. In addition, revenue accounts may be charged with the cost of regular repair and maintenance (in order to protect the value of the asset).

The asset rents for 2002/03 equate to an interest charge, based on the net amount at which the fixed asset is included in the balance sheet at 31st March 2003. The rate of interest used is 6% for both those fixed assets included at current value and for infrastructure and community assets which are included in the balance sheet at historic cost. Capital charges made to the Housing Revenue Account are made in accordance with rules under Housing legislation and fully comply with the requirements of resource accounting.

Amounts set aside from revenue for the repayment of external loans and to finance capital expenditure are disclosed separately as appropriations in the Consolidated Revenue Account, below net operating expenditure.

5 Government Grants and Other Contributions

Government grants and other contributions are accounted for on an accruals basis and income has been credited, in the case of revenue grants, to the appropriate revenue account or, in the case of capital grants and contributions, to the Grants Deferred Account.

6 The Redemption of Debt

Under the Local Government and Housing Act 1989, revenue accounts must be charged a minimum revenue provision for the repayment of outstanding debt. This is calculated as 4% of debt for General Fund services and 2% of debt for the Housing Revenue Account. The Council has complied by charging £99,156 and £669,975 respectively. Should depreciation not equal this amount, then a transfer to or from the Capital Financing Reserve is required for the difference. This is reflected in note 5 to the Consolidated Revenue Account.

7 Reserves

Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources available for purposes such as general contingencies and cash flow management. Details are given in Notes 13 and 14 to the Consolidated Balance Sheet on pages 40 and 41.

The Council's capital reserves, made up of Fixed Asset Restatement Reserve, Usable Capital Receipts Reserve and the Capital Financing Reserve, are not available for revenue purposes. The Fixed Asset Restatement Reserve and Capital Financing Reserve can be used for specific statutory purposes and are not therefore backed by cash at any point in time. The Usable Capital Receipts Reserve is available to part finance capital expenditure. Further details can be found in Notes 9,10 and 12 to the Consolidated Balance Sheet on pages 38 and 39.

8 Debtors and Creditors

The Council operates an income and expenditure system for revenue transactions in accordance with the Code of Practice and FRS18; therefore sums due to the Council are credited in the year of account. Amounts payable by the Council for goods and services received up to 31st March are charged either on an actual or estimated basis.

9 Provisions

The Council sets aside provisions for specific future expenses, which are likely or certain to be incurred, but the amount of which cannot yet be determined accurately. The main provisions are described in Note 8 to the Consolidated Balance Sheet on page 38.

10 Investments

Investments are shown in the Balance Sheet at a current valuation based on the market rates as at 31st March 2003. Note 2 to the Balance Sheet also shows the original, nominal value (cost).

11 Capital Receipts

The Local Authorities (Capital Finance) Regulations 1998 prescribe that 75% of the receipt from the sale of council houses and 50% of the receipt from the sale of other HRA assets must be set aside for the repayment of loan debt. No set aside is required for the disposal of most non-HRA assets.

Those set aside amounts still prescribed are retained within the Capital Financing Reserve. The remainder may be used to finance other capital expenditure and in 2002/03 £1,439,838 has thus been used (see note 12 to the Consolidated Balance Sheet on page 39 and the Statement of Total Movements in Reserves on page 45).

12 Interest

All interest earned is credited to the Consolidated Revenue Account via the General Fund. A proportion of this is credited to the Housing Revenue Account in accordance with the Local Government and Housing Act 1989.

13 Overheads

Support service overheads are charged or apportioned to their users on the following basis:

- Central staffing costs - Time spent on service
- Information and Communication System costs - Percentage use of system
- Administrative buildings - Floor space occupied

14 Stocks and Stores

Stocks and stores consist mainly of building and maintenance supplies held at the Stores unit for use by the Housing Maintenance Team. Goods received into stock and goods issued are valued at the latest buy-in price.

15 Leases

The treatment of the cost of leases is in accordance with best practice:

- Finance Leases - Rental payments are apportioned between the finance charge (interest) and the reduction in the outstanding obligation (principal) with the interest being charged to revenue over the term of the lease.
- Operating Leases - Rental payments are charged to revenue on a straight-line basis.

16 Pensions

The employees of the council may participate in the Local Government Pension Scheme administered by Staffordshire County Council, which provides defined benefits related to pay and service.

The pension costs that are charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The pension costs included in these accounts have been determined in accordance with government regulations. Changes have been introduced for 2002/03 as part of transitional arrangements to comply with FRS17. These new disclosures are included as a note to the accounts in accordance with CIPFA recommended practice. Note 10 to the Consolidated Revenue Account on page 18 and note 19 to the Consolidated Balance Sheet on pages 42 and 43 refer.

17 Deferred Charges

Deferred Charges are payments of a capital nature where no fixed asset is created. They would be written down as the equivalent loan debt is repaid and would be valued in the Balance Sheet at the total debt outstanding.

The Council's accounts at 31st March 2003 include no figures relating to outstanding deferred charges.

Details of the movements in the deferred charges are given in Note 18 to the Consolidated Balance Sheet on page 42.

18 Best Value Accounting Code of Practice (BVACOP)

BVACOP sets out "proper practice" with regard to consistent financial reporting in order to ensure that the requirement to obtain and demonstrate best value is met.

The statement of accounts have been prepared on this basis.

19 Post Balance Sheet Events

At the time of closing these accounts, there were no amendments requiring post balance sheet adjustment.

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

2001/02 Net Expenditure £'000		2002/03 Expenditure £'000	2002/03 Income £'000	2002/03 Net Expenditure £'000
	Cost of Services			
	Continuing Operations			
913	Central Services to the Public	1,484	631	853
8,014	Cultural, Environmental and Planning Services	11,776	4,485	7,291
901	Highways, Roads and Transport Services	2,903	2,057	846
7,034	Housing Services	36,499	29,364	7,135
1,311	Corporate and Democratic Core	1,903	205	1,698
171	Unapportionable Central Overheads	94	21	73
18,344	Total cost of continuing operations	54,659	36,763	17,896
441	Discontinued Operations 2002/03	2,207	1,827	380
18,785	Net Cost of Services	56,866	38,590	18,276
	Corporate Income and Expenditure			
17	Contribution to Council Tax Benefit			0
470	DSO Deficits/(Surpluses)			137
1,085	Deficit/(Surplus) from Trading		Note 1	515
(6,652)	Asset Management Revenue Account		Note 2,3&4	(6,956)
(796)	Interest and Investment Income		Note 3	(777)
12,909	Net Operating Expenditure			11,195
	Appropriations			
(287)	Transfer to/(from) Housing Revenue Account balances			346
(1,358)	Contributions to/(from) Reserves			193
1,154	Financing of Capital Expenditure			92
819	Minimum Revenue Provision		Note 5	769
(5,195)	Depreciation		Note 5&8	(4,827)
(348)	Deferred Charges			(619)
7,694	Amount to be met from Government Grants and Local Taxpayers			7,149
	Sources of Finance			
(2,055)	Collection Fund demand			(2,219)
(10)	Transfer from the Collection Fund			(6)
(2,017)	Revenue Support Grant			(1,824)
(2,773)	Contribution from National Non-Domestic Rate pool			(3,100)
839	Net General Fund (Surplus)/Deficit			0
(1,342)	Balance on General Fund at 1 st April			(503)
839	Deficit/(Surplus) for the year			0
(503)	Balance on General Fund at 31 March			(503)

The above figures are presented in accordance with Best Value Accounting Code of Practice. A full analysis of activities included within each heading under "Cost of Services" is shown as an appendix to the consolidated revenue account on page 52.

Notes to the Consolidated Revenue Account

1 Trading Services

The Council operates a retail market, together with a number of industrial estates, and manages other land and property. The financial results of these were as follows:

2001/02 (Surplus)/ Deficit to General Fund £'000		2002/03 Income £'000	2002/03 Expenditure £'000	2002/03 (Surplus)/ Deficit to General Fund £'000
24	Market	325	309	(16)
685	Industrial Estates	902	1,236	334
403	Other Land & Property	1,436	1,661	225
(27)	Building Control	121	114	(7)
0	Assembly Rooms Bar	73	52	(21)
1,085		2,857	3,372	515

In accordance with note 3 of the Statement of Accounting Policies, the figures for 2002/03 include depreciation charges of £529k and £264k for "Industrial Estates" and "Other Land and Property" respectively.

2 Asset Management Revenue Account

This account compares the capital charges (asset rents) made in the year, with external interest payable. The transactions in the year were as follows:

2001/02 £'000		2002/03 £'000
(6,237)	Capital Charges - General Fund (inc. depreciation)	(5,357)
(8,864)	- Housing Revenue Account	(9,275)
8	Support Services	0
(15,093)		(14,632)
3,246	External interest payable (see note 3)	2,849
5,195	Provision for Depreciation	4,827
(6,652)		(6,956)

3 Interest and Investment Income

Interest receivable in the year totals £777,154 and includes accruals for interest receivable of £274,266.

Interest payable in the year totals £2,848,762, including accruals for interest payable of £699,759 and is netted off against the Asset Management Revenue Account (Note 2).

4 Gains/Losses on Repurchase of Borrowing

Gains and losses on the repurchase of borrowing are recognised in the general fund's Asset Management Revenue Account and are accounted for in the year in which they are realised, in accordance with FRS4.

	2002/03 £
Saving on interest payable as a result of repurchase of borrowing	5,921,933
Less: Early Redemption Premium	73,983
Gain on Repurchase of Borrowing	5,847,950

Write Off of Premium on Repurchase of Borrowing

	2002/03 £
Premium write off to General Fund Revenue Account	7,930
Premium write off to Housing Revenue Account *	66,053
	73,983

* Premium to be written off over the unexpired period of the loan (up to a maximum of 10 years) within the appropriate financial year as follows:

	£
2002/03	1,973
2003/04	7,120
2004/05	7,120
2005/06	7,120
2006/07	7,120
2007/08	7,120
2008/09	7,120
2009/10	7,120
2010/11	7,120
2011/12	7,120
	66,053

5 Minimum Revenue Provision (MRP)

Under the Local Government and Housing Act 1989, the Council must set aside an amount from revenue, the Minimum Revenue Provision (MRP), for the repayment of external debt. However, the Code of Practice requires that the provision for depreciation should be regarded as part of the MRP, with the difference being transferred to or from the Capital Financing Reserve (see Note 10 to the Consolidated Balance Sheet):

2001/02 £'000		2002/03 £'000
157	General Fund Revenue Account - 4% of Credit Ceiling	161
739	Housing Revenue Account - 2% of Credit Ceiling	670
(77)	Less: MRP Commutation Adjustment	(62)
819		769
(5,195)	Less: Amount charged as Depreciation	(4,827)
(4,376)	Excess of Depreciation over MRP	(4,058)

6 Section 137 Expenditure

The Local Government Act 2000 granted new powers to authorities in England and Wales to promote well-being in their area. As a consequence, the provisions of section 137 of the Local Government Act 1972 were repealed with effect from October 2000 (but retained for parish and community councils). This council is therefore not required to make any disclosure in the 2002/03 statement of accounts, of expenditure not specifically authorised under other powers.

7 Leases

Operating and Finance lease rentals paid and outstanding were as follows:

2001/02 £		2002/03 £
33,687	Paid during year:	
	Operating Leases - Vehicles and Equipment	31,735
302	Finance Leases - Vehicles and Equipment	302
33,989		32,037

2001/02 £		2002/03 £
	Outstanding undischarged obligations :	
63,475	Operating Leases - Vehicles and Equipment	23,442
63,475		23,442

The Authority is committed to making payments of £23,442 under these leases in 2003/04, comprising the following elements:

	£
Leases expiring in 2003/04	23,442
	23,442

8 Depreciation Charges

The Council charges depreciation on I.S. equipment and property identified in the Asset Register (see note 1 to the consolidated balance sheet on page 32).

9 Agency Services

The Council carries out certain work on an agency basis, for which it is reimbursed. The principal areas of work are:-

2001/02 £	Employing Organisation and Type of Work	2002/03 £
1,556,424	Staffordshire County Council Highway, Footway Repairs, Road Surfacing, Street Lighting	1,802,511
1,556,424		1,802,511

10 Pensions

The Council paid an employer's contribution into Staffordshire County Council's Superannuation Fund as follows:-

2001/02 £		2002/03 £
702,386	Employer's contribution paid by the Council	765,961
9.4%	Percentage of Employees' Pensionable Pay	9.9%

The Superannuation Fund, part of the Local Government Pension Scheme, provides members with defined benefits related to pay and service. Note 19 to the Consolidated Balance Sheet details further information regarding pension liabilities.

The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being 31st March 2001. Under Superannuation Regulations, contribution rates are now set to meet 100% of the overall liabilities of the Fund.

In addition, the Council is responsible for all pension payments relating to added years' benefits it has awarded, together with the related increases. These payments were as follows:

2001/02 £		2002/03 £
70,792	Pension payments relating to added years	73,286
0.95%	Percentage of Pensionable Pay	0.95%

The Council's estimated future costs related to discretionary increases in pension payments are as follows:

2001/02 £		2002/03 £
8,478	Agreements made in year	355,378
1,274,313	Agreements made in previous years	1,319,151

The funds actuary has advised that the pension costs that it would be necessary to provide for in the year according to UKGAAP are £1.47m, representing 18.9% of pensionable pay.

As part of transitional arrangements to comply with FRS17, new disclosures for pensions are included as Note 19 to the Consolidated Balance Sheet.

Further information can be found in Staffordshire County Council's Superannuation Fund's Annual Report which is available upon request from the County Treasurer's Department, Eastgate Street, Stafford, ST16 2NF.

11 Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the Building Control Function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaison with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

Building Regulations Charging Account 2002/03

	Chargeable £	Non Chargeable £	Total £
Expenditure			
Employees	41,090	24,540	65,630
Premises Related Expenses	0	0	0
Transport	2,934	1,650	4,584
Supplies and Services	27,941	2,202	30,143
Central Support Services	41,795	21,668	63,463
Total Expenditure	113,760	50,060	163,820
Income			
Building Regulation Fees	121,215	0	121,215
Miscellaneous Income	0	0	0
Total income	121,215	0	121,215
(Surplus)/Deficit	(7,455)	50,060	42,605

The Total Chargeable Income figure of £121,215 can be seen in Note 1 for Trading Services below the Consolidated Revenue Account.

12 Members Allowances

The total of Allowances paid to Members in the financial year amounted to £166,482. This is made up as follows:

2001/02 £		2002/03 £
61,651	Basic Allowance	110,583
27,972	Special Responsibility	55,899
89,623		166,482

13 Publicity

Section 5 of the Local Government Act 1986 requires the Council to keep a separate memorandum account of expenditure on publicity. In 2002/03 £134,001 was incurred for this purpose and is analysed below:

2001/02 £		2002/03 £
85,883	Recruitment Advertising	78,241
31,717	Other Advertising	34,724
39,140	Publicity and Promotions	21,036
156,740		134,001

14 Related Party Transactions

- **Members and Chief Officers.**

During the financial year ended 31st March 2003, there were no material transactions between the borough council and its members and chief officers, other than the payment of officer salaries etc. and member allowances. Further details are disclosed in notes 12 and 18.

- **Central Government.**

Details of transactions with central government are given throughout the Statement of Accounts, the more material items include the following income received from various government agencies;

	£'000
Revenue Support Grant	1,824
Benefit Grant	6,482
Housing Subsidy	6,405
Single Regeneration Budget	788

- **Staffordshire County Council and Police Authority.**

Staffordshire County Council and Police Authority issue precepts on the council.

	£'000
Staffordshire County Council	15,829
Staffordshire Police Authority	2,247

The County Council is also the administering authority for the Pension Fund and details of the employer's contributions paid by this council are detailed in note 10.

- **Agency Services.**

The council carried out prescribed work on an agency basis for which it is fully reimbursed. Details are contained in note 9.

15 Local Authority (Goods and Services) Act 1970

Section 1 of the Local Authority (Goods and Services) Act authorises local authorities to supply goods and services to other public bodies. There is no significant income or expenditure relating to these activities included in these accounts.

16 Acquired /Discontinued Operations

There were no acquired operations for the Council in 2002/03, but the Council decided, during the year to 31st March 2003, to:

- Cease Joint-Use funding and withdraw from the operation of Wilnecote Sports Centre;
- Transfer the Tamworth Highways Term Maintenance contract to the County Council's Highways Term Maintenance Contractor and thereby cease to provide a Highways maintenance service through the Highways DSO;

There are no significant outstanding liabilities in respect of the discontinued operations.

During the year to 31st March 2003, the Council also decided (with a cessation date of 31st March 2003) to:

- Withdraw financial support from Joint-Use provision and cease from the operation of the Rawlett Sports Centre;
- Transfer responsibility for the future management of the Tamworth Sports Campus to Tamworth & Lichfield College;
- Close the Palace Media Centre;

In addition, the Highways Agency operated by the council on behalf of Staffordshire County Council (SCC) was terminated on 31st March 2003 and reverted to the responsibility of SCC.

17 Exceptional Items

There were no prior year adjustments recorded in the accounts in 2002/03.

However, during the year a two-phase council-wide staffing restructure took place. A reorganisation of the senior management structure of the Council (Phase 1) was followed by a detailed restructuring of how front line & support services are delivered to Customers (Phase 2). A number of redundancies resulted, the cost of which is reflected within the accounts for 2002/03.

18 Officer's Emoluments

The number of employees whose remuneration, excluding pension contributions and including termination payments, was £40,000 or more were:

Remuneration Band	2001/02 Total of Employees	2002/03 Total of Employees	2002/03 No of Employees Leaving in Year
£40,000 - £49,999	9	3	1
£50,000 - £59,999	2	6	2
£60,000 - £69,999	0	2	2
£70,000 & above	1	1	0

19 Prior Year Adjustments

There were no significant adjustments on the face of the 2002/03 accounts.

Housing Revenue Account

The Housing Revenue Account deals with the provision of Council houses and flats. There is a statutory obligation to keep this account separate, as defined in Schedule 4 of the Local Government and Housing Act 1989.

2001/02 £		Note	2002/03 £
	Gross Income		
12,833,397	Dwelling Rents	1	12,879,923
313,518	Non-dwelling Rents	1	318,162
1,206,989	Charges for Services and Facilities	2	2,080,365
6,491,699	Subsidy Receivable	3/3a	6,405,260
20,845,603	Total Gross Income		21,683,710
	Gross Expenditure		
4,044,783	Repairs and Maintenance	4	3,904,659
2,684,110	Supervision and Management		3,488,490
1,120,503	- General		1,145,067
34,137	- Special Services		22,201
7,131,418	Rents/Rates/Taxes and other charges		7,287,056
255,548	Rent Rebates		83,948
8,864,380	Provision for Bad or Doubtful Debts	5	9,220,160
2,801,030	Cost of Capital Charge	6	2,823,300
68,603	Depreciation	7	168,749
	Debt Management Costs		
27,004,512	Total Gross Expenditure		28,143,630
	Net Cost of Services		
6,158,909	Transfer to/(from) AMRA	8	6,459,920
(5,979,764)	Transfer to/(from) General Fund		(6,757,165)
(197,203)	Investment Income	9	(190,643)
(88,616)			(107,076)
(106,674)	Net Operating Expenditure		(594,964)
738,818	Minimum Revenue Provision		669,975
(298,010)	Transfer to/(from) Reserves and Provisions		(365,438)
(47,540)	Transfer to/(from) Major Repairs Reserve	10	(55,120)
286,594	(Surplus) / Deficit for Year		(345,547)
(628,150)	Balance Brought Forward		(341,556)
(341,556)	Balance at 31st March		(687,103)

Notes to the Housing Revenue Account

1a. Housing Stock

The Council is responsible for managing a housing stock, made up as follows:

2001/02		2002/03
3,537	Houses / Bungalows	3,334
804	High/Medium Rise Flats	797
1,015	Low Rise Flats	1,000
5,356		5,131

2001/02		2002/03
5,522	Stock at 1 April	5,356
(166)	Less: Sales / Demolitions	(225)
5,356	Stock at 31 March	5,131

The stock shown for 2002/03 above reflects both sales and the effect of the reclassification of a number of properties as a result of a comprehensive stock revaluation and survey undertaken by Stevens Scanlon, chartered surveyors.

1b. Fixed Assets

2001/02 £'000		2002/03 £'000
	Operational Assets	
0	Land	0
143,663	Council Dwellings	152,569
1,264	Other Property	1,129
144,927	Net Book Value	153,698

In order to comply with the requirements of Resource Accounting, garages are now identified within other property. Non-operational assets are those held by an authority but not directly occupied or used in the delivery of its services. There are no non-operational assets held by the Housing Revenue Account.

1c. Vacant Possession Value

The Vacant Possession Valuation as at 1st April 2003 is £280.9 million.

However, assets are valued on the balance sheet at their existing use reflecting the valuation of a property if it were to be disposed with sitting tenants enjoying sub-market rents. This reflects the economic cost to the Government of providing council housing at less than open market value.

1d. Gross Rent Income

The total rent income due for the year is £13.2 million after allowance is made for voids. At the end of 2002/03, 1.5% of the total stock was void, compared with 0.9% at the end of 2001/02. Rents were increased by 3.05% during 2002/03 and the average rent for all dwellings was £47.01 per week.

2. Charges for Services and Facilities

Charges for Services and Facilities includes payments for services falling outside the HRA ring fence, but which are provided by HRA resources, e.g. Homelessness, Housing Advice to Private Tenants, and are chargeable to other funds of the council.

3. HRA Subsidy

HRA subsidy is paid to meet any shortfall between expenditure and income based on central governments assumptions about the authority's need to spend and the income it can reasonably be expected to receive. The amount of Housing Revenue Account Subsidy payable is calculated as follows:

2001/02 £		2002/03 £
4,165,580	Allowance for Management and Maintenance	4,330,739
2,753,486	Major repairs allowance	2,768,179
3,874,548	Charges for capital	3,677,846
0	Other items of reckonable expenditure	0
14,701	Tenant participation compacts	0
33,002	Resource accounting	0
(11,396,304)	Guideline rent income	(11,630,308)
(22,721)	Interest receivable	(19,780)
(577,708)	Housing Element Entitlement	(873,324)
7,064,562	Rent rebates	7,268,929
6,486,854	Housing Subsidy Entitlement	6,395,605
4,845	Adjustment re prior year (see note 3a)	9,655
6,491,699	Housing Subsidy Receivable	6,405,260

3a. Exceptional Items/Prior Year Adjustments

After the close of the 2001/02 accounts, final figures for DSS and DTLR subsidy were calculated confirming a reduction of £9,655. This reduction was not actioned in the 2001/02 accounts although the amount was disclosed. The reduction however has been reflected in this years subsidy receivable figure.

4. Housing Repairs Account

Day-to-day repair and maintenance costs take up approximately 14% of the expenditure of the Housing Revenue Account. The Repairs costs are now recorded directly in the Housing Revenue Account.

31/03/2002 £		Contribution From HRA £	Expenditure £	31/03/2003 £
386,352	Housing Repairs Account	38,356	341,546	83,162

5. Provision for Bad and Doubtful Debts

2001/02 £	Rent Arrears	2002/03 £
646,298	Gross Rent Arrears at 31 st March	606,995

2001/02 £	Provision for Bad Debts:	Contribution in Year £	Written Off In Year £	2002/03 £
385,359	HRA Rent Arrears	38,464	29,087	394,736
682,116	HRA Sundry Debtors	45,484	160,499	567,101
1,067,475		83,948	189,586	961,837

Approximately 50% of rent arrears refer to former tenants.

6. Cost of Capital Charge

Capital charges comprises an asset rent, reflecting the cost of capital tied up in the asset. The asset rent for 2002/03 of £9,220,160 equates to an interest charge, based on the net amount at which the fixed asset is included in the balance sheet at 31st March 2003. The rate of interest used is 6%.

7. Depreciation

The charge for depreciation has been calculated in accordance with proper accounting practices, as set out in the CIPFA Code of Practice. The depreciation charged for council dwellings of £2,768,180 equates to the Major Repairs Allowance as determined by the DTLR. The charge for depreciation of £55,120 on non council dwellings has been calculated on a straight line basis over the period of their useful economic life.

8. Transfer to AMRA

The Asset Management Revenue Account is a key part of the structure for accounting for capital assets. It is credited with the following notional capital charges included in the HRA net cost of services:

- A 6% interest charge based on the value of each asset as shown in the balance sheet
- Provision for depreciation charges detailed in note 7
- Impairment costs, where an asset has deteriorated, effectively lowering its balance sheet value
- Deferred charges, payments of a capital nature where no fixed asset is created in the balance sheet

The sum of all the notional capital charges made to the revenue account is then reversed out in AMRA and replaced by the actual external interest charges and actual charge for depreciation.

2001/02 £		2002/03 £
(8,864,380)	Cost of Capital	(9,220,160)
(2,801,030)	Provision for Depreciation	(2,823,300)
2,884,616	"Item 8" charge for interest (prescribed by LGHA 1989)	2,462,995
2,801,030	Depreciation charged	2,823,300
(5,979,764)		(6,757,165)

9. Interest on Balances

Interest is calculated using the average notional cash balance of the Housing Revenue Account. Interest earned on Housing Capital Receipts is credited to the General Fund.

10. Major Repairs Reserve

The Major repairs allowance represents the long-term average amount of capital spending required to maintain the stock in its current condition. The amount of MRA received is determined by the subsidy calculations and paid into the Housing Revenue Account. An amount of depreciation equal to the MRA is then transferred to the Major Repairs Reserve to finance capital spending.

Depreciation on council dwellings of £2,768,180 and non council dwellings (e.g. garages) of £55,120 is included in the net cost of HRA services.

Dwelling depreciation is directly funded within the HRA by the major repairs allowance. Non dwelling depreciation is not directly funded and to prevent the charge impacting on net HRA expenditure and therefore future rent levels, an appropriation is made from the major repairs reserve.

31/03/2002 £		Contribution From HRA £	Transferred to HRA £	Capital Expenditure £	31/03/2003 £
1,326,490	Major Repairs Reserve	2,823,300	55,120	1,990,000	2,104,670

The capital expenditure shown was spent in total on maintaining council dwellings.

11. Capital Expenditure

The following table details how £3.3 million capital expenditure was financed during the year.

	Total Expenditure	Basic Credit Approval	Capital Receipts	Capital Reserve	Major Repairs Allowance
	£	£	£	£	£
Dwellings	3,095,025	561,000	544,025	0	1,990,000
Non Dwellings	180,884	0	180,884	0	0
	3,275,909	561,000	724,909	0	1,990,000

12. Capital Receipts

During the year capital receipts totalling £7.6 million were received in respect of dwellings sold, of which £5.6 million was set aside to repay debts. No other capital receipts were received by the Housing Revenue Account.

The Collection Fund
Income and Expenditure Account

2001/02 £'000		2002/03 £'000	2002/03 £'000
	Income		
16,409	Council Tax	17,641	
2,396	Transfer from General Fund - Council Tax Benefits Contributions	2,684	
250	Subsidy limitation	0	20,325
21,753	Business Ratepayers		21,632
40,808	Total Income		41,957
	Expenditure		
	Precepts and Demands:		
14,680	Staffordshire County Council	15,829	
2,083	Staffordshire Police Authority	2,247	
2,055	Tamworth Borough Council	2,219	20,295
	Business Rate		
20,800	Payment to National Pool	21,434	
95	Costs of Collection	96	21,530
	Provision for Bad and Doubtful Debts		
1,832	Provision	1,049	
(442)	Write Off	(910)	139
10	Contributions to General Fund in respect of Council Tax and residual Community Charge		6
41,113	Total Expenditure		41,970
(305)	Movement on Fund Balance		(13)

Notes to the Collection Fund Account

1. Non Domestic Rates

The rateable value of Non Domestic properties in the Borough as at 31st March 2003 was £55,137,689 (£55.032 million at 31st March 2002).

The NNDR multiplier for 2002/03 was 43.7p in the pound (2001/02 43p).

2. Council Tax

The Council base was as follows:

2001/02	[-----2002/03-----]			
No. of Band "D" Equivalent Properties	Band	No. of Chargeable Properties	Ratio	No. of Band "D" Equivalent Properties
5,220	A	7,929	6/9	5,286
7,530	B	9,740	7/9	7,576
4,092	C	4,596	8/9	4,085
3,134	D	3,146	1	3,146
1,695	E	1,442	11/9	1,762
497	F	372	13/9	537
140	G	86	15/9	144
1	H	0	18/9	0
22,309				22,536
98.5%	Multiplied by Anticipated collection			98.5%
21,974	Equals Council Tax Base			22,198

3. Council Tax Benefit Subsidy Limitation Contribution

Under limitation regulations, introduced during the financial year 1999/2000 and enforced until 2001/02, billing and precepting authorities setting council tax above Government guidelines were required to meet a proportion of the increase in benefits awarded due to the higher tax demanded.

Consolidated Balance Sheet

This summarises the financial position of the Council at 31st March 2003, providing a snapshot of the assets and liabilities on that date.

31st March 2002 £'000		Note	31st March 2003 £'000	31st March 2003 £'000
	Fixed Assets			
	Operational Assets:			
143,663	Council Dwellings	1	152,569	
59,388	Other Land and Buildings	1	55,952	
746	Infrastructure	1	766	
157	Vehicles, Plant, Equipment	1	71	
1,011	Community Assets	1	1,006	
204,965	Total Fixed Assets			210,364
43	Long-term Investments	2		49
737	Long Term Debtors	3		602
205,745	Total Long-term Assets			211,015
	Current Assets			
129	Stocks & Work-in-Progress		144	
5,318	Debtors	4	6,442	
14,100	Investments	5	13,742	
7	Cash		7	
19,554			20,335	
	Less Current Liabilities			
(1,000)	Short Term Borrowing		0	
(6,171)	Creditors	6	(5,039)	
(1,120)	Bank Overdraft		(1,180)	
(8,291)			(6,219)	
11,263	Net Current Assets			14,116
217,008	Total Assets less Current Liabilities			225,131
(36,998)	Long-term Borrowing	7		(30,840)
(789)	Government Grants-deferred Account			(1,117)
(395)	Provisions	8		(124)
178,826	Total Assets less Liabilities			193,050
	Financed By			
115,383	Fixed Asset Restatement Reserve	9		121,305
54,453	Capital Financing Reserve	10		59,308
228	Deferred Credits	11		171
846	Usable Capital Receipts Reserve	12		3,046
6,956	Earmarked Reserves	13		7,927
960	Revenue Balances	14		1,293
178,826				193,050

Notes to the Consolidated Balance Sheet

1 Fixed Assets

a) Movement in Values

	Council Dwellings	Other Land & Buildings	Infra-Structure	Vehicles, Plant & Equipment	Community Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value at 31st March 2002	146,416	63,324	870	1,708	1,020	213,338
Less Accumulated Depreciation/ Impairment	(2,753)	(3,936)	(124)	(1,551)	(9)	(8,373)
Net Book Value of Fixed Assets at 31st March 2002	143,663	59,388	746	157	1,011	204,965
Additions / New Assets	0	0	50	5	0	55
Disposals of Assets	(6,877)	(1,709)	0	0	0	(8,586)
Revaluation of Assets	18,534	223	0	0	0	18,757
Reclassification	21	(21)	0	0	0	0
Depreciation for Year	(2,772)	(1,929)	(30)	(91)	(5)	(4,827)
Net Book Value as at 31st March 2003	152,569	55,952	766	71	1,006	210,364

All the Council's fixed assets are owned by the General Fund, with the exception of Council Dwellings which are owned by the Housing Revenue Account. Where General Fund Assets are employed by the other funds e.g. HRA (Marmion House) a rental figure is charged.

Fixed assets have been valued as at 31st March 2003 by the councils Property Surveyor, P Evans MRICS, IRRV.

The council operates a five-year rolling programme of revaluation, Approximately 1/5 of the fixed asset portfolio and all assets where any significant change might affect the total are re-valued each year.

The valuation bases are as below:

- Properties regarded as operational by the authority were valued on the basis of open market value for existing use, or, where this could not be assessed the depreciated replacement cost
- Fixtures and Fittings are included in the valuation of the buildings
- Properties regarded as non operational by the authority were valued on the basis of open market value

b) Commitments

Significant commitments under capital contracts entered into during the year include the following:

	£'000
General Fund	
Marmion House Replacement Lifts	70
Compliance with DDA 1995 – Feasibility Study	4
Sandy Way Depot – Golf Ball Netting	9
Structural Repairs – Amington Industrial Estate	7
Housing	
Kitchen Replacement Programmes	51
Environmental and Community Safety Improvements	24
Lift Installation in Sheltered Schemes	32
High Rise Lift Refurbishment	35
Fencing	10
Asbestos Testing/Removal	40
TV/Cable/E-Government	1
Replacement of Heating Systems at 1-8 Annandale	1
One off Heating Systems Replacements	1
Structural Works	16
	301

c) Fixed Asset Analysis

Numbers of major fixed assets owned and/or operated by the Council at 31st March 2003 were as follows:

Council Dwellings	
Council Dwellings and Separately Rented Garages	7,077
Area Rent Offices	2
Homelink Control Centre	1
Operational Buildings	
Town Hall and Marmion House	2
Tourist Information Centre	1
Public Halls	10
Depot	2
Car Parks (No. of Spaces)	1,792
Leisure Centres and Pools	1
Anker Valley Changing Rooms	1
Media Centres	1
Assembly Rooms and Carnegie Centre	2
Community Services Building (Philip Dix Centre)	1
Ankerside Shopping Centre	1
Retail Shops	68
Industrial Properties Rented Out (No. of Units)	101
Land Awaiting Development (hectares)	8.7
Operational Equipment	
Information Systems Equipment	1,014
Community Assets	
Parks and Recreation Grounds (hectares)	159
Cemeteries	4
Castle Museum	1
Infrastructure Assets	
CCTV Cameras	60

d) Capital Expenditure

i) General

Local Authorities' capital expenditure is governed by the Local Government and Housing Act 1989 and subsequent capital regulations. These regulations define capital expenditure as expenditure incurred on the acquisition of land and buildings, and improvements to buildings and plant which enhances the useful life of these assets. It also includes expenditure incurred on the acquisition of plant and equipment, and grants and advances to outside bodies or persons for improvement purposes.

The amount which can be borrowed each year to finance capital expenditure is controlled by Credit Approvals issued by Central Government. These can be supplemented by specific proportions of Capital Receipts and by revenue contributions.

ii) Analysis of Expenditure by Service

31/03/2002 £'000	Service	31/03/2003 £'000
2,607	Housing Development and Improvement	3,276
280	Private Housing Grants	292
413	Environmental and Highway Services	466
347	Leisure and Recreation Facilities	90
68	Glascote Heath SRB	197
574	Agency Expenditure	596
155	New DSO Depot	0
231	CCTV	188
345	Computer Systems/ Equipment	57
142	Miscellaneous Services	70
0	Community Safety	119
0	E Government	169
5,162		5,520

iii) Analysis of Expenditure by Source of Finance

31/03/2002 £'000	External Sources	%	31/03/2003 £'000
571	Borrowing	12%	680
292	Capital Grants	9%	525
68	SRB Funding	4%	197
574	Agency Funding	11%	596
	Internal Sources		
103	Revenue	2%	103
2,478	Reserves	36%	1,979
1,076	Capital Receipts	26%	1440
5,162		100%	5,520

iv) Assets held under Finance Leases

The gross amount of assets that are held under finance leases together with the related accumulated depreciation for each category of assets are as follows:

		£
Vehicles	Original Value	9,467
	Written Down Value	0
	Depreciation to Date	9,467
Land and Buildings	Original Value	540,458
	Written Down Value	0
	Depreciation to Date	540,458

Depreciation in the form of the capital element of finance leases is charged to revenue on the face of the consolidated revenue account and reflected within deferred liabilities & capital financing reserve on the consolidated balance sheet.

2 Long-term Investments

These are investments which are intended to be held for use on a continuing basis in the activities of the Authority, or where there are restrictions as to the Council's ability to dispose of the investment. They are no longer analysed between General Fund and Housing, but are aggregated as Authority assets.

Value at 31/03/2002 £		Original Cost £	Value at 31/03/2003 £
20,600	4.0% Consolidated Stock	28,434	23,521
262	2.5% Consolidated Stock	569	300
21,539	3.5% War Stock	32,690	24,926
454	3.5% Conversion Stock	650	515
42,855		62,343	49,262

3 Long Term Debtors

These are debts that fall due after a period of at least one year.

31/03/2002 £'000		31/03/2003 £'000
269	Mortgages	204
343	Car Loans/Lease Repayments	337
125	Debt Rescheduling Premiums	61
737		602

4 Debtors

An analysis of debtors that fall due within one year is shown below:

31/03/2002 £'000		31/03/2003 £'000
704	Government Departments	1,182
1,278	Other Local Authorities	900
2,433	Business Ratepayers	1,529
1,678	Council Taxpayers	1,458
699	Housing Rents	814
556	Accruals	1,759
2,014	Other	1,588
9,362		9,230
4,044	Less : Provision for Bad Debts	2,788
5,318		6,442

5 Investments

The Council invests its day to day cash flow balances in order to generate income by earning interest.

Under the Local Authorities (Capital Finance)(Approved Investments) Regulations 1990, the Council's investments are held as temporary deposits of 364 days or less, since the Council is not debt free.

6 Creditors

31/03/2002 £'000		31/03/2003 £'000
1,264	Government Departments	65
545	Business Ratepayers	625
158	Council Taxpayers	264
102	Housing Rents	139
201	Creditors for Goods and Services	89
3,901	Accruals	3,857
6,171		5,039

7 Long Term Borrowing

31/03/2002 £'000	Source of Loan	Range of Interest Rates Payable (%)	31/03/2003 £'000
27,998	Public Works Loans Board Market Loans - fixed	4.875 – 12.625 7.55 – 9.81	21,840
9,000			9,000
36,998			30,840

31/03/2002 £'000	Analysis by Maturity	31/03/2003 £'000
2,000	Maturing within 1 Year	4,148
4,148	Maturing in 1 - 2 Years	2,000
4,000	Maturing in 2 - 5 Years	4,000
7,750	Maturing in 5 - 10 years	5,750
19,100	Maturing in over 10 Years	14,942
36,998		30,840

8 Provisions

The movement in year in the Council's provisions is as follows:

31/03/2002 £'000		Transfer to Reserves £'000	Receipts in Year £'000	Payments in Year £'000	31/03/2003 £'000
386	Repairs Fund - Housing	0	38	341	83
9	Repairs - Housing Stock	0	9	18	0
0	Tribunal Costs	0	41	0	41
395		0	88	359	124

Repairs - Housing Stock: This provision was used to finance payments to external contractors processed via the Housing Repairs sub-system.

9 Fixed Asset Restatement Reserve

Adjustment to the balance will occur on disposal of assets, revaluations of assets or capital expenditure occurring which does not add materially to the value of the asset.

2001/02 £'000		2002/03 £'000
69,978	Surplus on revaluation and restatement at 1 April	115,383
54,464	Acquisition of assets and revaluation upwards	20,197
(4,819)	Disposal of assets and revaluation downwards	(9,971)
(4,240)	Capital expenditure on assets	(4,304)
115,383	Balance at 31st March	121,305

10 Capital Financing Reserve

This reserve exists for all transactions related to capital financing. It incorporates the balance of the former provision for credit liabilities (PCL) account, plus in-year adjustments from the set aside proportion of capital receipts, the charge to revenue for the repayment of debt (MRP) and the amount of capital expenditure financed from revenue and capital receipts.

2001/02 £'000		2002/03 £'000	2002/03 £'000
52,183	Balance at 1 st April		54,453
	Add:		
3,184	Capital receipts set aside	5,615	
(4,376)	Minimum Revenue Provision (MRP) (less Deprn.)	(4,058)	
3,810	Capital financing (revenue, capital receipts)	3,917	
0	Local Authority Social Housing Grant	0	5,474
(348)	Less: Deferred Charges written down		(619)
54,453	Balance at 31st March		59,308

11 Deferred Credits

These represent income due to the Council in the future. They arise principally from the repayment of mortgages on Council Houses, which form part of long term debtors.

12 Usable Capital Receipts Reserve

2001/02 £'000		2002/03 £'000
545	Balance brought forward at 1 st April	846
1,377	Add: Usable Receipts from Sale of Assets	3,640
1922		4,486
(1,076)	Less: Financing of Capital Expenditure	(1,440)
846	Balance carried forward at 31st March	3,046

13 Earmarked Reserves

		Transfer (to) / from Other Sources £'000	Transfer (to)/ from other Reserves £'000	Transfer from Revenue £'000	Transfer To Revenue £'000	31/03/03 £'000
31/03/02 £'000						
4,200	Future Capital Expenditure	0	778	11	(175)	4814
153	Temporary	0	0	429	(102)	480
258	Retained Funds	0	0	200	(233)	225
624	Repairs and Renewals	0	0	90	0	714
1,346	Commuted Sums	0	0	185	(52)	1,479
219	Insurance	0	0	0	(202)	17
156	Other Reserves	0	0	307	(265)	198
6,956		0	778	1,222	(1,029)	7,927

Future Capital Expenditure: The Council maintains a Capital Reserve under the provisions of the Local Government (Miscellaneous Provisions) Act 1976. It is Council policy to make advances from this fund to various services. With effect from 2001/2 the Council is also now required to maintain a Major Repairs Reserve to fund capital spending on housing stock.

Temporary Reserve: This has been established by the transfer of funds from revenue in order to finance individually identified schemes or potential needs.

Retained Funds: These have been established in order to finance recurring irregular expenditure for a specific purpose.

Repairs and Renewal Account: This was set up under the provisions of the Local Government (Miscellaneous Provisions) Act 1976 and is maintained for the purchase of vehicles and plant and is funded through notional depreciation charges on purchases.

Commuted Sums: These are monies deposited by contractors to finance future maintenance expenditure incurred as a result of the various developments.

Insurance: This earmarked reserve was previously shown as a provision. It is currently retained for risk management purposes.

Other Reserves: The largest of these is the Building Repairs Fund that is held for the maintenance of Municipal buildings, including commercial properties. Also, there is an amount set aside in respect of the Indoor Bowls Club guarantee that is classified as a contingent liability.

14 Revenue Balances

31/03/2002 £'000		Movement in year £'000	31/03/2003 £'000
503	General Fund	0	503
341	Housing Revenue	346	687
116	Collection Fund – Council Tax	(13)	103
960		333	1,293

15 Provision for Credit Liabilities (Memorandum Account)

In accordance with statutory requirements the Council is required to set aside sums as a provision to repay external loans. The Council does not keep an account within its accounting records for the PCL as there is no need to do so, but maintains a memorandum account which is set out below :-

2001/02 £'000		2002/03 £'000
31,080	Balance at 1 st April 2002	0
3,184	Capital Receipts - Set Aside during Year	5,615
819	Minimum Revenue Provision	769
35,083		6,384
(35,083)	Less : Net Reduction in External Loans	(6,384)
0	Balance at 31st March 2003	0

The balance is now shown as zero as, in January 2001, the Council resolved to "write off" the balance held on it's PCL Account. This reflects the situation where, had the Council fully applied it's PCL balance by the gross amount of debt repaid in the past, the PCL balance would have been reduced to zero.

16 Related Companies

The Council's Balance Sheet contains no assets, liabilities or any other financial values in respect of subsidiary, associated or related local authority companies.

17 Analysis of Net Assets Employed

31/03/2002 £'000		31/03/2003 £'000
37,364	General Fund	35,333
111,283	Housing Revenue	128,074
523	Direct Services	0
29,540	Other Trading Services	29,540
116	Collection Fund	103
178,826		193,050

18 Movement in Deferred Charges

Expenditure within the definition of deferred charges does not create a tangible fixed asset for the Council. This expenditure is therefore charged to revenue as follows, having a nil effect on the Balance Sheet:

Balance at 31/03/2002 £'000		Expenditure in Year £'000	Charge to Revenue £'000	Balance at 31/03/2003 £'000
	Grants:			
0	Glascote Heath SRB / Matched Funding	216	216	0
0	Improvement Grants	303	303	0
0	Communities Against Drugs / Safer Communities Initiatives	100	100	0
0		619	619	0

19 Retirement Benefits

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

The employees of the authority may participate in the Staffordshire County Council Pension Fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme.

Staffordshire County Council, in accordance with the Local Government Pension Scheme Regulations 1997 administers the fund.

In accordance with Financial Reporting Standard 17, the authority is required to disclose its share of assets and liabilities related to pension schemes for its employees.

In 2002/03, pension costs have been charged to the consolidated revenue account on the basis of contributions payable to the Staffordshire County Council pension scheme, based upon a formal actuarial valuation at 31st March 2001, and pensions payable to retired officers.

However, at the 31st March 2003, the authority had the following overall assets and liabilities for pensions that are not included in the balance sheet;

2001/02 £'000		2002/03 £'000
40,459	Estimated Liabilities in Scheme	43,055
36,361	Estimated Assets in Scheme	28,906
(4,098)	Net Asset / (Liability)	(14,149)

Tamworth Borough Council

Liabilities have been valued using the projected unit method, an estimate of the pensions that will be payable in the future, dependent on assumptions about mortality rates, salary levels, etc.

Hymans Robertson, an independent firm of actuaries, have assessed the fund liabilities as at 31st March 2003. The main assumptions used in their calculations are:

2001/02		2002/03	
2.8%	Rate of Inflation	2.5%	
4.3%	Rate of Increase in Salaries	4.0%	
2.8%	Rate of Increase in Pensions	2.5%	
6.4%	Discount Rate	6.1%	

Assets in the Staffordshire County Council Pension Fund are valued at fair value and consist of the following:

2001/02			2002/03		Long Term Return % Per annum	Expected Annual Return £'000
Value £'000	%		Value £'000	%		
26,465	73	Equity Investments	20,364	70	8.0	1,629
5,178	14	Bonds	4,575	16	4.8	220
3,602	10	Property	3,488	12	6.0	209
1,115	3	Cash	479	2	4.0	19
38,360	100		28,906	100	7.2	2,077

The movement in net pension liability is as follows:

	2002/03 £'000
Net Pension surplus/(liability) at 1 April 2002	(4,098)
Current Service Cost	(996)
Employer contributions payable to scheme	772
Impact of settlements and curtailments	(416)
Net return on assets	(59)
Actuarial gains/(losses)	(9,352)
Net Pension surplus/(liability) at 31 March 2003	(14,149)

The actuarial losses can be analysed into the following categories, measured as both amounts and a percentage of assets or liabilities at 31 March 2003:

	Year to 31/03/2003 £'000
Difference between the expected & actual return on assets	(9,424)
Value of Assets	28,906
Percentage of Assets	(32.6%)
Experience gains/ (losses) on liabilities	72
Present value of liabilities	43,055
Percentage of the Present Value of Liabilities	0.2%
Actuarial gains/ (losses)	(9,352)
Present value of liabilities	43,055
Percentage of the Present Value of Liabilities	(21.7%)

As a result of the valuation of current liabilities compared to current assets in the pension fund, the figures would have the effect of reducing the overall reserves of the authority by £14.149 million.

Statement of Total Movements in Reserves

This statement summarises the movements in Capital and Revenue reserves and is in addition to the analysis given in the notes to the Consolidated Balance Sheet.

	CAPITAL RESERVES			REVENUE RESERVES				TOTAL
	Fixed Asset Restatement Reserve	Capital Financing Reserve	Usable Capital Receipts	Specific Reserves	General Fund Balances	H.R.A. Balances	Collection Fund -Council Tax	
Notes to Balance Sheet : -	(9) £'000	(10) £'000	(12) £'000	(13) £'000	£'000	£'000	£'000	£'000
Balance as at 01/04/2002	115,383	54,453	846	6,956	503	341	116	178,598
Net surplus/ (deficit) for year	0	(4,058)	0	971	0	346	(13)	(2,754)
Unrealised gains from revaluation of fixed assets	20,142	0	0	0	0	0	0	20,142
Value of Assets acquired	55	0	0	0	0	0	0	55
Unrealised (losses) from revaluation of fixed assets	(1,386)	(619)	0	0	0	0	0	(2,005)
Effects of disposal of fixed assets:								
Value of Assets disposed of	(8,585)	0	0	0	0	0	0	(8,585)
Proceeds of disposals	0	5,615	3,640	0	0	0	0	9,255
Net surplus/(deficit)on disposals	(8,585)	5,615	3,640	0	0	0	0	670
Financing of Fixed Assets	(4,304)	3,917	(1,440)	0	0	0	0	(1,827)
Balance as at 31/03/2003	121,305	59,308	3,046	7,927	503	687	103	192,879

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising

2001/02 £'000		2002/03 £'000	2002/03 £'000	2002/03 £'000
	Revenue Activities			
	Cash Outflows:			
11,494	Cash paid to and on behalf of employees	10,871		
13,638	Other operating cash payments	17,205		
3,742	Housing Benefit paid out	3,975		
21,159	National non-domestic rates paid to pool	22,997		
16,804	Precepts paid	18,076	73,124	
	Cash Inflows:			
8,398	Rents (after rebates)	8,576		
16,308	Council Tax income	17,776		
2,255	National non-domestic rates from pool	4,005		
21,996	Non-domestic rate receipts	21,712		
2,017	Revenue Support Grant	1,824		
6,124	DSS Grant for Benefits	4,999		
7,342	Other Government Grants (Note 1)	7,617		
4,063	Cash Received for Goods and Services	5,495		
2,966	Other operating cash receipts	5,044	77,048	
4,632				3,924
	Returns on Investments and Servicing of Finance			
	Cash Outflows:			
3,226	Interest Paid		3,057	
	Cash Inflows:			
772	Interest Received		650	(2,407)
2,178	Net Cash Income from Revenue Activities (Note 2)			1,517
	Capital Activities			
	Cash Outflows:			
4,037	Other Capital cash payments		4,213	
	Cash Inflows:			
4,260	Sale of Fixed Assets	7,055		
617	Capital Grants Received	2,865		
(232)	Other Capital cash receipts	(484)	9,436	5,223
2,786	Net Cash Inflow/(Outflow) before Financing (c/fwd)			6,740

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2001/02 £'000		2002/03 £'000	2002/03 £'000
2,786	Net Cash Inflow/(Outflow) before Financing (b/fwd)		6,740
	Management of Liquid Resources (Note 3)		
(1,390)	Net (Increase)/Decrease in Short Term Deposits		358
	Financing (Note 4)		
	Cash Outflows:		
4,000	Repayments of Amounts Borrowed	8,478	
	Cash Inflows:		
2,500	New Loans Raised	1,320	(7,158)
(104)	Increase/(decrease) in Cash		(60)
	Movements in Cash		
(1,009)	Cash/Bank 1 st April	(1,113)	
(1,113)	Cash/Bank 31 st March	(1173)	(60)
(104)	Movement in Year		(60)

Notes

1 Other Government Grants comprise:

2001/02 £'000		2002/03 £'000
6,498	Housing Subsidy	6,312
183	DSS Admin. Grant	195
95	NNDR Cost of Collection	95
176	Homeless Grant	189
2	Benefits Fraud Grant	21
0	Transitional H.B.	7
381	SRB	789
7	Discretionary Housing Payment	9
7,342		7,617

2 Reconciliation to Revenue Accounts

2001/02 £'000		2002/03 £'000	2002/03 £'000
(1,432)	Net Surplus/(Deficit) for year (page 41, Note 14)		333
	Non-cash Transactions		
	Add:		
5,195	Provision for Depreciation	4,827	
(4,376)	Minimum Revenue Provision	(4,058)	
18	Contribution to Reserves	971	
343	Use of Provisions	(271)	
2,581	Financing of Capital Expenditure	2,082	
4	Long Term Investments	(6)	3,545
	Items on an Accruals Basis		
	Add:		
(6)	Reduction in Stocks	(15)	
(51)	Reduction in Revenue Debtors	(1,124)	
(98)	Increase in Creditors	(1,222)	(2,361)
2,178	Net Cash Income from Revenue Activities		1,517

3 Management of Liquid Resources

Liquid resources result from short-term investments, those less than 365 days, placed in accordance with Treasury Management Policy.

4 Movements in Financing and Management of Liquid Resources

	2002/03 £'000	2002/03 £'000
Investments at 1 st April 2002	14,100	
Investments at 31 st March 2003	13,742	358
Long Term Borrowing at 1 st April 2002	(36,998)	
Long Term Borrowing at 31 st March 2003	(30,840)	6,158
Short Term Borrowing at 1 st April 2002	(1,000)	
Short Term Borrowing at 31 st March 2003	0	1,000
Deferred Liabilities at 1 st April 2002	0	
Deferred Liabilities at 31 st March 2003	0	0
		7,516

GLOSSARY

Accrual

A sum included in the final accounts to cover income or expenditure attributable to the previous financial year for goods or work done, but for which payment has not been received / made, by the end of that financial year.

Agency Services

The provision of services by one bodies (the agent) on behalf of, and generally reimbursed by, the responsible body.

Asset Management Revenue Account

This is a holding account introduced as a result of the new system of capital accounting, which allows authorities to offset the impact of capital charges on the net cost of services. It also receives interest from investments and charges for interest outstanding on loans.

Balances

The total sum available to the Council, including the accumulated surplus of income over expenditure. Balances form part of the Councils reserves.

Capital Charge

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

Capital Expenditure

Expenditure on the acquisition and enhancement of significant fixed assets that will be of use or benefit to the authority in providing its services beyond the year of the account e.g. land and buildings.

Capital Financing Reserve

This reserve represents the amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets, or for the repayment of external loans and certain other capital financing transactions.

Capital Receipts

Proceeds from the sale of assets e.g. land or buildings, which may be used to finance new capital expenditure or to repay outstanding loan debt as laid down within rates set by Central Government.

CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional body for accountants working in the public service.

Code of Practice

The Code of Practice on Local Authority Accounting in Great Britain is produced by CIPFA and complied with by local authorities in the production of the financial statements.

Collection Fund

A fund administered by the Borough Council into which council tax monies are paid.

Contingency

The sum of money set aside to meet unforeseen expenditure.

Contingent Liabilities

A potential liability at the balance sheet date when the accounts are submitted for approval. The liability will be included in the balance sheet if it can be estimated reasonably accurately. Otherwise the liability will be disclosed as a note to the accounts.

Credit Approvals

Authorisations given by the Government to local authorities which enable them to finance capital expenditure by borrowing or other credit arrangements such as leasing.

Credit Ceiling

The difference between the Councils capital expenditure financed by credit and the provision made to meet this debt.

Creditors

Amounts owed by the Council for work done, goods received or services rendered which have not been paid for by the end of the financial year.

Debtors

Amounts due to the Council for work done or services supplied which have not been paid for by the end of the financial year.

Deferred Charges

An item in a balance sheet where there is no tangible asset. It also represents outstanding borrowing in respect of a capital asset which has been disposed of but where the proceeds have been insufficient to clear the outstanding debt.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, effluxion of time or obsolescence through technical or other changes.

Fixed Asset Restatement Reserve

This represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.

Fixed Assets

Tangible assets that yield benefits to the Council for a period of more than one year.

Leasing

A method of financing capital expenditure where rental charges are paid over a specified period of time. There are two main types of leasing arrangements:

- (a) finance leases which transfer all the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the fixed assets in the balance sheet:
- (b) operating leases where the ownership of the asset remains with the leasing company and annual rental is charged direct to the revenue account.

Major Repairs Allowance

The Major Repairs Allowance was introduced in 2001/2 and represents the estimated long-term average amount of capital spending required to maintain the local authority's housing stock in its current condition.

Minimum Revenue Provision

The minimum amount which must be charged to a revenue account each year and set aside to repay debt, presently 4% and 2% of the credit ceiling for General Fund and Housing Revenue Account, respectively.

National Non-Domestic Rate (NNDR)

The tax paid on non-domestic properties. It is the same for all businesses in England and is set annually by government, on whose behalf it is collected by billing authorities. The Council receives a share of the national pool as part of its resources used to meet the total net expenditure.

Precept

This is a demand for payment made by Staffordshire County Council and Staffordshire Police Authority as a means of obtaining income. The payment is met from the Councils collection fund and is based on the council tax bases.

Provision

An amount set aside to meet a liability that is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

Public Works Loans Board (PWLB)

A government agency that provides longer-term loans to local authorities, at interest rates below market rate. It also acts as a lender of last resort (at a higher rate of interest).

Reserves

Earmarked Reserves are amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

General reserves are accumulated balances generally available to support revenue or capital spending.

Revenue Expenditure

The day to day expenditure incurred by an authority in providing services. It is financed by government grants, non-domestic rates, council tax and fees and charges.

Revenue Support Grant (RSG)

A general government grant in support of local authority expenditure, and fixed each year in relation to SSA.

Specific Grants

Government Grants to local authorities in aid of particular projects or services.

Standard Spending Assessment (SSA)

The amount of net expenditure (after allowing for specific grants) which the government considers appropriate for each local authority to incur in providing a common level of service. The Standard Spending Assessment is the key factor in determining the amount of Revenue Support Grant paid to each authority.

Appendix to the Consolidated Revenue Account

Central Services to the Public

- Local Tax Collection
- Elections
- Emergency Planning
- Local Land Charges

Cultural, Environmental and Planning Services

- **Cultural**
- Culture and Heritage
- Recreation and Sport
- Open Spaces
- Tourism
- Service Management and Support Services
- **Environmental**
- Cemetery, Cremation and Mortuary Services
- Environmental Health
- Community Safety
- Flood Defence and Land Drainage
- Agricultural and Fisheries Services
- Consumer Protection
- Street Cleansing
- Waste Collection
- Waste Disposal
- Service Management and Support Services
- **Planning**
- Building Control
- Development Control
- Planning Policy
- Environmental Initiatives
- Economic Development
- Community Development
- Service Management and Support Services

Highways, Roads and Transport Services

- Transport, Planning, Policy and Strategy
- Highways/Roads (Structural)
- Highways/Roads (Routine)
- Street Lighting
- Traffic Management
- Parking Services
- Public Transport
- Service Management and Support Services

Appendix to the Consolidated Revenue Account

Housing Services

- Housing Strategy
- Registered Social Landlords
- Housing Advice
- Housing Advances
- Private Sector Housing Renewal
- Homelessness
- Housing Benefit Payments and Administration
- Contribution to the HRA re items shared by the whole community
- Other Council Property
- Welfare Services
- Housing Management and Support Services

Corporate and Democratic Core Costs

- Democratic Representation and Management
- Corporate Management

Unapportionable Central Overheads

- Pension Costs Relating to Added Years and Early Retirement

Code of Corporate Governance – Statement of Assurance

Tamworth Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this accountability, members and senior officers are responsible for putting in place proper arrangements for the governance of the authority's affairs and the stewardship of the resources at its disposal. To this end, the authority has approved and adopted a code of corporate governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework *Corporate Governance in Local Government: A Keystone for Community Governance*. A copy of the code is on our website at www.tamworth.gov.uk or can be obtained from reception at Marmion House, Lichfield Street, Tamworth, Staffordshire.

During the year, the authority continued appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. The authority's Corporate Management Team is:

- overseeing the implementation and monitoring the operation of the code
- reviewing the operation of the code in practice
- reporting annually to the Cabinet on compliance with the code and any changes that may be necessary to maintain it and ensure its effectiveness in practice.

In addition, a working party of officers led by the authority's monitoring officer has been given the responsibility to review independently and report to the Corporate Management Team, to provide assurance on the adequacy and effectiveness of the code and the extent of compliance with it. The corporate governance arrangements put in place by the authority are more fully described in their assessment which is available for inspection on the authority's web site www.tamworth.gov.uk or in reception at Marmion House, Lichfield Street, Tamworth, Staffordshire.

On the basis of the reports of the Corporate Management Team and the team led by the monitoring officer arising from their reviews of the authority's corporate governance arrangements, we are satisfied that they are adequate and are operating effectively.

We propose over the coming year to enhance our corporate governance arrangements by ensuring work planned is carried out.



P. Seekings, Leader & D. Weatherley, Chief Executive
on behalf of the members and senior officers of Tamworth Borough Council

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

Responsibility For Internal Financial Control

This statement is given in respect of the statement of accounts for Tamworth Borough Council. We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in accordance with Section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of those affairs”. The Chief Finance Officer (S151 officer) has this role within Tamworth Borough Council.

Assurance Provided By Internal Financial Control

The system of internal financial control can provide reasonable although not absolute assurance that:-

- the Council’s assets are safeguarded and not subject to waste, fraud, corruption or poor value for money;
- policies, regulations and directives are complied with, in order to achieve the Council’s objectives;
- key records held by the authority are complete and accurate, due to the relevance, reliability and integrity of the information involved;
- statutory requirements are complied with.

Key Features Of The System Of Internal Control

The system of internal financial control is based upon a framework of regular management information, standing orders and financial regulations, administrative procedures, management supervision, and a system of delegation and accountability. In particular, the system includes:-

- comprehensive accounting and budgetary control systems
- a performance management framework
- regular reviews of monthly and annual financial reports which indicate financial performance against the forecast/budgets
- clearly defined capital expenditure guidelines
- adoption of a local code of corporate governance
- formal arrangements for the management of strategic business risks
- a continuous audit of the internal financial control system.

Statutory Basis For Internal Audit

The statutory basis for the Internal Audit function is implied by Section 151 of the Local Government Act but is also made explicit in the Accounts and Audit Regulations 1996 that require “a relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems”.

Arrangements For Internal Audit

Internal Audit is an independent appraisal function established by the management of the Council for the review of the internal control system as a service to the authority. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, effective and efficient use of resources.

Internal Audit operates in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom.

The objective of Internal Audit is to review the entire internal control system over a period of time, following a 4 year strategic audit plan that is approved by the Chief Finance Officer (S151 officer). This plan is based upon an assessment of potential risk within the various systems and procedures. This continuous audit enables an assessment of the adequacy, reliability and effectiveness of the internal control system to be built up over the period, so that management and elected members of the council can be advised accordingly. The Internal Audit function operates under the direction of the Corporate Director – Support Services but has the right to report directly to the Chief Executive and Cabinet.

Internal Audit and external audit (KPMG) operate a joint working arrangement to maximise the effectiveness of the audit scrutiny of the authority. In accordance with the Audit Commission's Code of Audit Practice, External Audit place reliance on Internal Audit's work in its assessment of risk, core accounting processes, and the effectiveness of internal control. External Audit also views Internal Audit as a core part of the Council's arrangements to ensure the proper conduct of its financial affairs and thus annually reviews the operation of the Internal Audit function.

Internal Audit Work In 2002/03

Internal Audit examined systems operating in a range of Council functions and services in 2002/03 in accordance with the Internal Audit plan. In each case Internal Audit's findings were discussed with relevant managers and appropriate recommendations agreed as part of the routine operation of the internal audit function.

Implementation of recommendations made were reviewed 6 months after the final report was issued.

Assessment Of The Council's Internal Control System.

Based on the ongoing work carried out by and on behalf of Internal Audit, and also drawing upon the work of the external auditor (in their annual audit letter and other reports), we consider that a reasonable degree of reliance can be placed upon the Council's internal control system. Where significant deficiencies in internal control have been identified by management or Internal Audit, we are assured that these have been or will be resolved in an appropriate manner. Such cases will continue to be monitored.

(Signed)  (Dated) 17/2/03

Acting Audit Manager

(Signed)  (Dated) 17/2/03

Chief Finance Officer (S151 Officer)

Approval of Accounts

I confirm that these accounts were approved by the Council at the meeting held on
23rd September 2003

Signed on behalf of Tamworth Borough Council

M Cuckman

Chair of the council meeting

Dated 23rd September 2003

Statements of Responsibilities

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the statement of accounts.

The Chief Finance Officer responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code of Practice") is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year.

In preparing this statement of accounts for the year ended 31st March 2003, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Chief Finance 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.

This statement of accounts presents fairly the financial position of the Borough Council and its income and expenditure for the year ended 31st March 2003.



J Wheatley FCCA
Chief Finance Officer

Dated 11th September 2003



Independent Auditors' Report to Tamworth Borough Council

We have audited the financial statements on pages 13 to 48 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 7 to 11.

This report is made solely to Tamworth Borough Council in accordance with Part II, Section 2 of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission. Our audit work has been undertaken so that we might state to Tamworth Borough Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tamworth Borough Council for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Chief Finance Officer and Auditors

As described in page 61 the Council's Chief Finance Officer is responsible for the preparation of the financial statements in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2002. Our responsibilities, as independent auditors are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements present fairly the financial position of the Council and its income and expenditure for the year.

We review whether the statement on internal financial control on page 57 – 58 reflects compliance with the requirements of the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2002. We report if it does not meet the requirements specified by CIPFA/LASAAC or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider whether the statement on internal financial control covers all risks and controls, or to form an opinion on the effectiveness of the Council's system of internal financial control. Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

We read the other information published with the statement of accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of Audit Opinion

We conducted our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statement present fairly the financial position of Tamworth Borough Council as at 31st March 2003 and its income and expenditure for the year then ended.

Certificate

We certify that we have completed the audit of accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Signature: *KPMG LLP*

Date: *2/12/03*

KPMG LLP
Chartered Accountants
Birmingham