

# ***STATEMENT OF ACCOUNTS***

***2004/05***

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## EXPLANATORY FOREWORD

The statement of accounts presents the financial position and performance of the Council for the year to 31<sup>st</sup> March 2005. 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 31<sup>st</sup> March 2005 has been prepared in accordance with the guidelines contained within the latest Code of Practice on Local Authority Accounting in the United Kingdom.

The Council's accounts for 2004/05 are set out on pages 13 to 51 and consist of the following:

**Consolidated Revenue Account:** brings together all the Council's 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, the Fire & Rescue Authority and this Council's General Fund.

**Consolidated Balance Sheet:** sets out the overall financial position of the Council as at 31<sup>st</sup> March 2005.

**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 net General fund surplus of £656k for the year. This was £649k higher than planned at the start of the year and has been added to General Fund balances of £503k (with the minimum approved level being £500k) brought forward from 2003/04, to produce a cumulative surplus of £1,159k carried forward to 2005/06.

The overall revenue financial position relating to council housing as given on page 23 shows a surplus for the year of £362k. This equates to an underspend of £114k when compared to the approved budget for the year. This has resulted in an increase in balances from £438k to £799k to be carried forward to 2005/06.

### The 2004/05 Budget

#### General Fund

The main components of the General Fund approved budget and how these compare with actual income and expenditure are set out below.

The net expenditure of the Council was £7.2 million, representing an underspend of £813k. Major differences between the budget and the outturn were as follows:

	£'000	£'000
<ul style="list-style-type: none"> <li>• <b>Increase in Income</b> <ul style="list-style-type: none"> <li>• Miscellaneous Interest and Dividends – As a result of higher investment rates than anticipated and new legislation allowing investments for more than 364 days at favourable rates.</li> <li>• Recycling – additional income levels achieved due to higher volume of recycling</li> <li>• Building Regulation and Planning Application Fees - higher levels of applications</li> </ul> </li> </ul>	(334)  (104)  (89)	(527)
<ul style="list-style-type: none"> <li>• <b>Shortfalls in Income</b> <ul style="list-style-type: none"> <li>• Land Charges Search Fees – Income reduction linked with competition from Private Search Companies.</li> </ul> </li> </ul>		152
<ul style="list-style-type: none"> <li>• <b>Savings/ Underspends</b> <ul style="list-style-type: none"> <li>• Highways Maintenance – mainly due to lower than anticipated Insurance premiums and underspends on water courses and other Highways assets</li> <li>• War Widows Contribution – budgetary provision for General Fund contribution not required</li> <li>• Culture and Community – Budget for consultancy work on leisure futures not spent</li> <li>• Other insignificant variances</li> </ul> </li> </ul>	(103)  (81)  (58)	(242) (196)
<b>Total</b>		<b>(813)</b>

## Tamworth Borough Council

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

	Actual Net Expenditure /(Income) £	Net Expenditure/ (Income) Budget £	Variance £
<b>Corporate Management Costs</b>			
Chief Executive	(1,028)	6,931	(7,959)
Solicitor	6	1,571	(1,565)
<b>Corporate Services</b>			
Corporate Director	202	(52,593)	52,795
Procurement	(13)	707	(720)
Internal Audit	(1)	(1,123)	1,122
Chief Finance Officer	624,836	713,345	(88,509)
Chief Information Officer	(1,615)	56,689	(58,304)
Democratic Services	640,117	630,503	9,614
Human Resources & Improvement	(174)	20,455	(20,629)
Mayoralty	89,342	91,954	(2,612)
<b>Housing &amp; Property Services</b>			
Property Services	(292,481)	(510,893)	218,412
Strategy	820,765	826,354	(5,589)
<b>Community &amp; Environment</b>			
Corporate Director	24	19,412	(19,388)
Business Services	142,508	253,361	(110,853)
Culture & Community	2,762,524	2,796,553	(34,029)
Environmental Management	4,559,934	4,765,228	(205,294)
Planning & Regeneration	1,176,557	1,271,785	(95,228)
<b>Total Cost Of Services</b>	<b>10,521,503</b>	<b>10,890,239</b>	<b>(368,736)</b>
<b>Other Costs</b>			
Interest Payable/ Receivable & Reversal Of Capital Charges Included Above Other Corporate Costs	(2,536,814)	(2,213,980)	(322,834)
	(820,532)	(699,059)	(121,473)
<b>Subtotal</b>	<b>7,164,157</b>	<b>7,977,200</b>	<b>(813,043)</b>
Transfer To/ (From) Balances	655,983	(157,060)	813,043
<b>Total To Be Met By Government Grants &amp; Taxpayers</b>	<b>7,820,140</b>	<b>7,820,140</b>	<b>0</b>

(The above budget figures have been adjusted to reflect the year end adjustments required regarding FRS17, fixed asset revaluations and deferred charges. It should be noted that these adjustments do not affect the total to be met by government grants and taxpayers.)

**Council Housing**

A summary of the Housing Revenue Account for 2004/05, compared with the approved budget (including decisions made by Members during the financial year) is shown below:

**Council Housing Summary**

Housing Revenue Account	Actual £	Approved Budget £	Variance £
<b>Surplus for the Year added to HRA balances</b>	<b>361,798</b>	<b>247,740</b>	<b>114,058</b>

Major differences between the budget and the outturn were as follows:

	£'000	£'000
<ul style="list-style-type: none"> <li>• <b>Major overspends between approved budget and actual spend</b> <ul style="list-style-type: none"> <li>• An increase in subsidy payable to ODPM due to a reduction in the anticipated level of Right to Buy sales.</li> <li>• An increase in debt management expenses</li> <li>• An increase in insurance premiums</li> </ul> </li> </ul>	403 22 54	479
<ul style="list-style-type: none"> <li>• <b>Significant underspending against approved budget</b> <ul style="list-style-type: none"> <li>• An overall reduction in the costs of housing repairs</li> <li>• A reduction in net management costs</li> <li>• A reduction in provision for bad debts</li> </ul> </li> </ul>	(48) (288) (121)	(457)
<ul style="list-style-type: none"> <li>• <b>Significant income surpluses against approved budget</b> <ul style="list-style-type: none"> <li>• An increase in rental income following a reduction in house sales under the Right to Buy scheme</li> <li>• An increase on interest on internal balances</li> </ul> </li> </ul>	(95) (41)	(136)
<b>Total</b>		<b>(114)</b>

**Capital Expenditure**

During 2004/05 the Council spent £6.8 million on capital works. A breakdown by service and source of finance is shown as Note 1.d.ii to the consolidated balance sheet on page 35.

No major assets were acquired by the Council during 2004/05. All expenditure related to improvement, enhancement or ongoing construction works. The only significant disposals of assets during 2004/05 were right-to-buy sales on Council houses and Kettlebrook Depot.

A total of £3.049 million spending originally planned for 2004/05, or earlier, has been deferred to 2005/06. Of this, £385k related to projects that have on the whole been deferred until the new financial year (including the replacement of the borough boundary signs, repairs to the external walls of Marmion House, the strategic partnership for management of corporate properties and elements of the e-Gov (e-Esi) project). The remaining £2.664 million is due to delays in completion of capital projects (including bathroom and kitchen replacement programmes, elements of the e-Gov (e-Esi) project, corporate property improvements, Disability

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Discrimination Act compliance works and works to lifts within sheltered schemes and high rise flats).

### Provisions, Reserves and Balances

The working balances at 31<sup>st</sup> March 2005 stand at £16.6 million and comprise provisions, earmarked reserves (including general capital reserve) and revenue balances. This includes the £3.049 million capital commitments from 2004/05 and previous years carried forward to 2005/06.

### 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 31<sup>st</sup> March 2005 is provided below while further information can be found in the notes to the consolidated balance sheet.

### Borrowing Facilities

<b>Fixed Rate Debt</b>	<b>£ million</b>
Public Works Loan Board	19.4
Commercial Money Market	4
<b>Variable Rate Debt</b>	
Public Works Loan Board	0
	<b>23.4</b>

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

Email: [john-wheatley@tamworth.gov.uk](mailto:john-wheatley@tamworth.gov.uk)

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](http://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 2004: A Statement of Recommended Practice, which is recognised by statute as representing proper accounting practices.

### 2 Fixed Assets

All expenditure on the acquisition, creation or enhancement of tangible 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.

In accordance with the SORP, tangible fixed assets are categorised between operational and non-operational assets (surplus land and buildings) and are detailed in Note 1a of the Consolidated Balance Sheet.

### **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 is charged to revenue in the year of acquisition and is not capitalised in the accounts, as are individual items of I.S. equipment valued under £5k. 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 2004/05 equate to an interest charge, based on the net amount at which the fixed asset is included in the balance sheet at 31st March 2005. The rate of interest used is 3.5% (3.5% for 2003/04) for those fixed assets included at current value and 4.8% (4.625% for 2003/04) 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. The rate of interest used for the Housing Revenue Account for 2004/05 is 3.5% (3.5% for 2003/04).

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 Government Grants Deferred Account and written off over the useful life of any asset created.

### **6 The Redemption of Debt**

Under the Local Government Act 2003, the General Fund Revenue Account must be charged a Minimum Revenue Provision (MRP) for the repayment of outstanding debt. This is calculated as 4% of the Capital Financing Requirement for General Fund services. The Council has complied by charging £169,564 within the General Fund. Under the Act no MRP is chargeable to the Housing 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 Account, Usable Capital Receipts Reserve and the Capital Financing Account, are not available for revenue purposes. The Fixed Asset Restatement Account and Capital Financing Account 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 page 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 (short and long term) are shown in the Balance Sheet at a current valuation based on the market rates as at 31st March 2005. Notes 2 and 5 to the Balance Sheet refers (Pages 37 and 38 respectively).

### 11 Capital Receipts

The Local Government Act 2003 prescribes 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 paid to the Office of the Deputy Prime Minister (ODPM) – Housing Capital Receipts Pool. No transfer is required for the disposal of non-HRA assets. For 2004/05 £5.23 million was transferred to the ODPM (see the Consolidated Revenue Account on page 13).

The remainder may be used to finance other capital expenditure and in 2004/05 £1.456 million has thus been used (see Note 12 to the Consolidated Balance Sheet on page 39).

### 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

Goods received into stock are valued at the lower of cost or net realisable value.

### 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. Rental income is recognised within revenue on a straight-line basis over the period of the lease.

Further details can be found in Note 7 to the Consolidated Revenue Account on page 16 and Note 1e to the Consolidated Balance Sheet on page 36.

### 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 included in these accounts have been determined in accordance with government regulations. The standard requires the full recognition of the pensions liability (and the movement of its constituent parts) in the Consolidated Revenue Account. These requirements are included within the accounts in accordance with CIPFA recommended practice. Note 10 to the Consolidated Revenue Account on page 17 and Note 18 to the Consolidated Balance Sheet on page 42 refer.

### 17 Pension Estimation Techniques

Staffordshire County Council, the Administering Authority to the Staffordshire County Council Pension Fund instructed Hymans Robertson, an independent firm of actuaries, to undertake pension expense calculations on behalf of Tamworth Borough Council as at 31<sup>st</sup> March 2005. The calculations have been carried out in accordance with Guidance Note: Accounting for Retirement Benefits under FRS17 issued by the Institute and the Faculty of Actuaries.

In order to assess the value of the Fund's liabilities as at 31 March 2005, the value of the Employer's liabilities reported as at the latest formal valuation has been rolled forward, allowing for the different financial assumptions required under FRS 17. In calculating the asset share, the assets allowing for investment returns (estimated where necessary), the effect of contributions paid into, and estimated benefits paid from, the Fund by the Employer and its employees have been rolled forward. The liabilities have also been adjusted for active members to take account of any change in the payroll of active members since 1 April 2004.

It is not possible to assess the accuracy of the estimated liability as at 31 March 2005 without conducting a full valuation. The estimated liability will not reflect any differences in demographic experience from that assumed (e.g. ill-health early retirements), the impact of differences between changes in salary and pension increases and changes for specific individuals, and the effect of any changes in the age and length of service structure of the liabilities. In particular, it would not allow for the effect of transfers of liabilities effected since the formal valuation date (e.g. bulk transfers of past service).

A set of demographic assumptions have been adopted that are consistent with those used for the formal funding valuation as at 31 March 2004. As required under FRS17, the projected unit method of valuation has been used to calculate the service cost. The financial assumptions used for the purposes of the FRS17 calculations are detailed in Note 18 to the Consolidated Balance Sheet.

The inflation assumption has been derived by considering the difference in gross redemption yields of traditional and index-linked gilt-edged securities as at 31 March 2005. Salary increases are assumed to be 1.5% more than price increases, in line with the assumption used in the latest formal valuation of the Fund.

The accounts are prepared in accordance with CIPFA guidance. Therefore, the discount rate employed for the 2004/05 financial year is the yield available on long-dated, high quality corporate bonds (as measured by the yield on iBoxx Sterling Corporates Index, AA over 15 years), at the FRS17 valuation date. For accounting periods prior to 2004/05, authorities adopted a real discount rate of 3.5%. The Revenue Account figures for the year to 31 March 2005 are calculated based on a discount rate derived from corporate bond yields as at 31 March 2004 (which was 5.4% p.a.), as required by CIPFA.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2005 for the year to 31 March 2006).

FRS17 requires that the expected return on assets is to be set by the Employer having taken actuarial advice. The expected returns are detailed in Note 18 to the Consolidated Balance Sheet.

### **18 Deferred Charges**

Deferred Charges are payments of a capital nature where no fixed asset is created. Due to their nature, these costs are written off to revenue in the year the expenditure is incurred. Therefore, the Council's accounts at 31st March 2005 include no figures relating to outstanding deferred charges.

Details of the movements in the deferred charges are given in Note 17 to the Consolidated Balance Sheet on page 41.

### **19 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.

### **20 Events after the Balance Sheet Date (FRS21)**

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

### **21 Group Accounts**

In accordance with the requirements of the SORP, the Council has reviewed its relationship with organisations in which it may have an interest. The review has highlighted that the Council has no material interest in subsidiaries, associates or joint ventures which would require the preparation of Group Accounts for 2004/05.

**Consolidated Revenue Account  
for the year ended 31<sup>st</sup> March 2005**

2003/04 Net Expenditure £'000		2004/05 Expenditure £'000	2004/05 Income £'000	2004/05 Net Expenditure £'000
	<b>Cost of Services</b>			
	<b>Continuing Operations</b>			
754	Central Services to the Public	4,860	4,269	591
7,874	Cultural, Environmental and Planning Services	13,195	4,673	8,522
102	Highways, Roads and Transport Services	1,428	1,296	132
3,803	Housing Services	29,889	26,453	3,436
1,504	Corporate and Democratic Core	1,681	39	1,642
508	Non Distributed Costs	292	2	290
<b>14,545</b>	<b>Total cost of continuing operations</b>	<b>51,345</b>	<b>36,732</b>	<b>14,613</b>
139	Discontinued Operations <b>Note 16</b>	11	0	11
661	Exceptional Items <b>Note 17</b>	141	0	141
<b>15,345</b>	<b>Net Cost of Services</b>	<b>51,497</b>	<b>36,732</b>	<b>14,765</b>
	<b>Corporate Income and Expenditure</b>			
0	Contributions to Housing Pooled Capital Receipts			5,230
(223)	Deficit/(Surplus) from Trading Undertakings <b>Note 1</b>			(184)
(5,171)	Asset Management Revenue Account <b>Note 2</b>			(5,946)
565	Pension Interest Cost & Expected Return on Pension Assets <b>Note 10</b>			14
(736)	Interest and Investment Income <b>Note 3</b>			(1,103)
<b>9,780</b>	<b>Net Operating Expenditure</b>			<b>12,776</b>
	<b>Appropriations</b>			
(249)	Transfer to/(from) Housing Revenue Account balances			362
0	Transfer from Usable Capital Receipts equal to contribution to Housing Pooled Capital Receipts			(5,230)
113	Contributions to/(from) Earmarked Reserves			1,158
(1,104)	Contributions to/(from) Pensions Reserve <b>Note 10</b>			(527)
908	Financing of Capital Expenditure			474
709	Minimum Revenue Provision <b>Note 5</b>			169
(1,934)	Depreciation <b>Note 5</b>			(1,639)
27	Government Grants Deferred			49
(446)	Deferred Charges			(428)
<b>7,804</b>	<b>Amount to be met from Government Grants and Local Taxpayers</b>			<b>7,164</b>
	<b>Sources of Finance</b>			
<b>(2,384)</b>	Collection Fund			<b>(2,568)</b>
<b>(8)</b>	Transfer from the Collection Fund			<b>(12)</b>
<b>(2,809)</b>	Revenue Support Grant			<b>(3,208)</b>
<b>(2,603)</b>	Contribution from National Non-Domestic Rate pool			<b>(2,032)</b>
<b>0</b>	<b>Net General Fund (Surplus)/Deficit</b>			<b>(656)</b>
<b>(503)</b>	Balance on General Fund at 1 <sup>st</sup> April			<b>(503)</b>
<b>(503)</b>	<b>Balance on General Fund at 31 March</b>			<b>(1,159)</b>

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 on page 56.

## 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:

2003/04 (Surplus)/ Deficit to General Fund £'000		2004/05 Income  £'000	2004/05 Expenditure  £'000	2004/05 (Surplus)/ Deficit to General Fund £'000
(8)	Market	(288)	260	(28)
116	Industrial Estates	(742)	859	117
(280)	Other Land & Property	(1,368)	1,146	(222)
(24)	Building Control	(189)	178	(11)
(27)	Assembly Rooms Bar	(102)	62	(40)
<b>(223)</b>		<b>(2,689)</b>	<b>2,505</b>	<b>(184)</b>

In accordance with Note 3 of the Statement of Accounting Policies, the figures for 2004/05 include depreciation charges of £295k and £301k for "Industrial Estates" and "Other Land and Property" respectively.

### 2 Asset Management Revenue Account

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

2003/04 £'000		2004/05 £'000
(3,809)	Capital Charges – General Fund	(3,390)
(8,269)	- Housing Revenue Account	(8,567)
(27)	Government Grants Deferred	(49)
<b>(12,105)</b>		<b>(12,006)</b>
2,273	External interest payable (see Note 3)	1,813
4,661	Provision for Depreciation	4,247
<b>(5,171)</b>	Balance to Consolidated Revenue Account	<b>(5,946)</b>

### 3 Interest and Investment Income

Interest receivable in the year totals £1,102,798 and includes accruals for interest receivable of £432,924.

Interest payable in the year totals £1,813,121 including accruals for interest payable of £489,665 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.

No Repurchase of Borrowing was undertaken however, £144,784 was charged to the Housing Revenue Account in respect of previous years repurchasing premiums.

**5 Minimum Revenue Provision (MRP)**

Under the Local Government Act 2003 (Previously – 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. The Act prescribes the minimum value to be set aside from the General Fund as 4% of the General Fund Capital Financing Requirement (being the underlying need to borrow for capital purposes). There is no longer the requirement to provide from the Housing Revenue Account. 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 Account (see Note 10 to the Consolidated Balance Sheet):

2003/04 £'000		2004/05 £'000
166	General Fund Revenue Account	169
555	Housing Revenue Account	0
(12)	Less: MRP Commutation Adjustment	0
<b>709</b>		<b>169</b>
(1,934)	Less: Amount charged as Depreciation	(1,639)
<b>(1,225)</b>	Excess of Depreciation over MRP	<b>(1,470)</b>

**6 Section 137 of the Local Government Act 1972 applied to Principal Authorities**

Section 137 of the Local Government Act 1972, as amended, empowers local authorities to make contributions to certain charitable funds, not-for-profit bodies providing a public service in the United Kingdom and mayoral appeals. The sum appropriate to Tamworth Borough Council for the financial year in which Section 118 of the Local Government Act 2003 comes into force is £5.14 per head of population. The Council was permitted to spend £381k under this power in 2004/05 (£373k in 2003/04) and its actual expenditure was £142,558 mainly on donations to voluntary bodies working in the local area (£128,255 in 2003/04).

## **7 Leases**

- Authority as Lessee

The authority currently uses plant and equipment financed under terms of an operating lease, including Car Parking equipment, Radio's and Fitness equipment. The amounts paid under these arrangements in 2004/05 was £40,636 (£32,330 in 2003/04).

In the year 2004/05 rentals payable under finance leases in respect of Vehicles and Plant was £604 (2003/04 £302), these are secondary rental values of interest only and have been charged to the Consolidated Revenue Account (Asset Management Revenue Account).

- Authority as Lessor

The Council has granted the following classes of leases that generate income for the authority, these arrangements are accounted for as operating leases which run for anything up to 125 years. They include the letting of Community Centres to local community associations, Rental of Industrial, Commercial and Retail units, along with Ground Rents for areas such as Ankerside Shopping Centre, Lichfield Road and Amington Industrial estates.

Operating lease rentals receivable during 2004/05 were as follows:

	<b>£'000</b>
<b>Operational Assets</b>	
• Community Assets	106
• Other Land and Buildings	2,089
<b>Total</b>	<b>2,195</b>

## **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**

SCC is currently carrying out Highways Maintenance works on behalf of the Council under a management agreement.

**10 Pensions**

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

2003/04 £		2004/05 £
<b>737,996</b>	Employer's contribution paid by the Council	<b>818,912</b>
<b>10.4%</b>	Percentage of Employees' Pensionable Pay	<b>10.9 %</b>

The Superannuation Fund, part of the Local Government Pension Scheme, provides members with defined benefits related to pay and service. Note 18 to the Consolidated Balance Sheet at page 42, details further information regarding pension liabilities. Details of the Pension Fund Reserve can be found in the Statement of Total Movement in Reserves at page 45.

The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being 31st March 2004. 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:

2003/04 £		2004/05 £
<b>72,518</b>	Pension payments relating to added years	<b>71,334</b>
<b>1.02%</b>	Percentage of Pensionable Pay	<b>0.95 %</b>

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

2003/04 £		2004/05 £
<b>271,662</b>	Agreements made in year	<b>99,613</b>
<b>1,305,324</b>	Agreements made in previous years	<b>1,284,015</b>

The funds actuary has advised that the pension costs that it would be necessary to provide for in the year according to UKGAAP are £1.346m, representing 17.9% of pensionable pay.

The cost of retirement benefits in the Net Cost of Services are recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the CRA after Net Operating Expenditure.

## Tamworth Borough Council

The following transactions have been made in the CRA during the year:

2003/04 £'000		2004/05 £'000
877	<i>Net Cost of Services:</i>	
13	Current Service Cost	1,307
	Past Service Costs	0
	<i>Net Operating Expenditure:</i>	
2,630	Interest Cost	2,516
(2,065)	Expected Return on Assets in the Scheme	(2,502)
373	Impact of Settlements & Curtailments	25
	<i>Amounts to be met from Government Grants and Local Taxation:</i>	
(1,104)	Movement on Pensions Reserve	(527)
	<i>Actual Amount Charged against Council Tax for Pensions in the year:</i>	
724	Employers Contributions Payable to the Scheme	819

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 1998 require the disclosure of information regarding the setting of charges for the administration of the Building Control Function. Charges for work are set with the aim of covering all costs incurred. 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 2004/05

	Chargeable £	Non Chargeable £	Total £
<b>Expenditure</b>			
Employees	79,618	30,930	110,548
Transport	4,454	2,211	6,665
Supplies and Services	24,550	650	25,200
Central Support Services	70,176	38,369	108,545
<b>Total Expenditure</b>	<b>178,798</b>	<b>72,160</b>	<b>250,958</b>
<b>Income</b>			
Building Regulation Fees	(189,094)	0	(189,094)
Miscellaneous Income	(386)	0	(386)
<b>Total income</b>	<b>(189,480)</b>	<b>0</b>	<b>(189,480)</b>
<b>(Surplus)/Deficit for Year</b>	<b>(10,682)</b>	<b>72,160</b>	<b>61,478</b>
<b>Comparatives for 2003/04</b>			
Expenditure	135,900	63,770	199,670
Income	(159,600)	0	(159,600)
<b>(Surplus)/Deficit for Year</b>	<b>(23,700)</b>	<b>63,770</b>	<b>40,070</b>

The Total Chargeable Income figure of £189k can be seen in Note 1 for Trading Services (page 14) below the Consolidated Revenue Account.

**12 Members Allowances**

The total of Allowances paid to Members in the financial year amounted to £199,267. This is made up as follows:

2003/04 £		2004/05 £
128,952	Basic Allowance	135,894
62,435	Special Responsibility	63,373
<b>191,387</b>		<b>199,267</b>

**13 Publicity**

Section 5 of the Local Government Act 1986 requires the Council to keep a separate memorandum account of expenditure on publicity. In 2004/05 £236,542 was incurred for this purpose and is analysed below:

2003/04 £		2004/05 £
107,276	Recruitment Advertising	44,399
61,624	Other Advertising	52,493
61,490	Publicity and Promotions	139,650
<b>230,390</b>		<b>236,542</b>

**14 Related Party Transactions**

- **Members and Chief Officers.**

During the financial year ended 31<sup>st</sup> March 2005, there were no material transactions between the 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:

	<b>£'000</b>
Revenue Support Grant	3,208
Benefit Grant	14,728
DEFRA	76

Amounts payable to central government include the following:

	<b>£'000</b>
Housing Subsidy	1,202

- **Staffordshire County Council, Police Authority and Fire Authority Precepts.**

Staffordshire County Council and Police Authority, and Stoke on Trent and Staffordshire Fire and Rescue Authority, issue precepts on the Council.

	<b>£'000</b>
Staffordshire County Council	18,403
Staffordshire Police Authority	3,095
Stoke on Trent & Staffs Fire & Rescue Authority	1,167

- **Staffordshire County Council**

The County Council administers and issues Supporting People Grant to local authorities in the Staffordshire area. Tamworth Borough Council received £273k during 2004/05.

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 (page 17)

- **Waste and Resources Action Programme (WRAP)**

WRAP is a not-for-profit company established in 2001 in response to the Government's Waste Strategy 2000, to promote sustainable waste management. Tamworth Borough Council received £101k grant in 2004/05.

### **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 2004/05, but the Council decided, during the year to 31 March 2005, to:

Transfer the Housing Repairs Services to Morrison Facilities Services with effect from 4 April 2005 and thereby cease to operate a Building Maintenance Team within the Housing and Property Services Directorate.

### **17 Exceptional Items**

The accounts for 2004/05 include an amount of £140,813 as the costs incurred in undertaking a "Housing Stock Options Appraisal". The appraisal process will be completed in 2005/06 and as a result further costs will be incurred in 2005/06.

**18 Officer's Emoluments**

The number of employees whose remuneration, including termination payments but excluding pension contributions, was £50,000 or more were:

Remuneration Band	2003/04	2004/05	
	Number of Employees	Number of Employees	Left during Year
£50,000 - £59,999	4	6	0
£60,000 - £69,999	4	1	0
£70,000 & Above	1	3	0

**19 Audit Costs**

Tamworth Borough Council incurred the following fees relating to external audit and inspection work undertaken by the appointed auditor:

2003/04 £'000		2004/05 £'000
80	Fees payable with regard to external audit Services carried out:	139
16	Fees payable in respect of statutory inspection:	10
19	Fees payable for the certification of grant claims and returns (estimate):	17
<b>115</b>		<b>166</b>

The increase in fees for external audit services payable in 2004/05 is due to a change in the accounting treatment for the charging of approximately 60% of the 2004/05 audit work within the year, whereas in the past, payment within the year only related to the previous years audit.

**20 Prior Period Adjustments**

There are no prior period adjustments recorded in the accounts in 2004/05.



## 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.

2003/04 £		Note	2004/05 £
	<b>Gross Income</b>		
12,364,578	Dwelling Rents	1	12,328,197
358,752	Non-dwelling Rents	1	437,644
1,748,256	Charges for Services and Facilities	2	1,414,312
238,051	Contribution Towards Expenditure		288,355
57,437	Housing Benefit Transfers		0
5,602,597	Subsidy Receivable	3	0
<b>20,369,671</b>	<b>Total Gross Income</b>		<b>14,468,508</b>
	<b>Gross Expenditure</b>		
4,219,389	Repairs and Maintenance		3,455,990
2,692,410	Supervision and Management		
1,302,813	- General		2,672,326
67,124	- Special Services		1,399,282
6,812,636	Rents/Rates/Taxes and other charges		62,001
212,749	Rent Rebates		223,899
0	Provision for Bad or Doubtful Debts	4	10,807
5,482,600	Subsidy Payment	3	1,201,696
2,786,801	Cost of Capital Charge	5	5,898,578
44,524	Depreciation	6	2,668,986
	Debt Management Costs		52,621
<b>23,621,046</b>	<b>Total Gross Expenditure</b>		<b>17,646,186</b>
<b>3,251,375</b>	<b>Net Cost of Services</b>		<b>3,177,678</b>
(3,548,904)	Transfer to/(from) AMRA	7	(4,362,787)
(123,550)	Transfer to/(from) General Fund		(123,550)
218,291	Amortised Premiums and Discounts		144,784
(107,557)	Investment Income	8	(123,026)
<b>(310,345)</b>	<b>Net Operating Expenditure</b>		<b>(1,286,901)</b>
555,470	Minimum Revenue Provision		0
(128,796)	Transfer to/(from) Reserves and Provisions		779,979
(48,213)	Contribution from Pensions Reserve		(145,017)
240,851	Revenue Contribution to Capital Outlay		350,837
(59,471)	Transfer to/(from) Major Repairs Reserve	9	(60,696)
<b>249,496</b>	<b>(Surplus) / Deficit for Year</b>		<b>(361,798)</b>
(687,103)	Balance Brought Forward		(437,607)
<b>(437,607)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(799,405)</b>

## Notes to the Housing Revenue Account

### 1a Housing Stock

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

2003/04		2004/05
3,125	Houses / Bungalows	3,002
789	High/Medium Rise Flats	783
978	Low Rise Flats	944
<b>4,892</b>		<b>4,729</b>
2003/04		2004/05
5,131	Stock at 1 April	4,892
(239)	Less: Sales / Demolitions	(163)
<b>4,892</b>	Stock at 31 March	<b>4,729</b>

### 1b Fixed Assets

2003/04 £'000		2004/05 £'000
<b>Operational Assets</b>		
0	Land	0
155,588	Council Dwellings	167,507
1,081	Other Property	1,024
<b>156,669</b>	<b>Net Book Value</b>	<b>168,531</b>

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 2005 is £312.0 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 £12.7 million after allowance is made for voids. At the end of 2004/05, 1.2% of the total stock was void, compared to 1.5% at the end of 2003/04. Rents were increased by 3.3% during 2004/05 and the average rent for all dwellings was £50.51 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:

2003/04 £		2004/05 £
4,517,790	Allowance for Management and Maintenance	5,531,730
2,727,330	Major repairs allowance	2,608,290
3,448,974	Charges for capital	2,599,730
0	Admissible Allowance	21,200
0	Anti Social Behaviour Allowance	1,000
0	Other items of reckonable expenditure	0
(11,922,100)	Guideline rent income	(11,969,250)
(16,480)	Interest receivable	(12,600)
<b>(1,244,486)</b>	<b>Housing Element Entitlement</b>	<b>(1,219,900)</b>
6,831,530	Rent rebates	0
<b>5,587,044</b>	<b>Housing Subsidy Entitlement</b>	<b>(1,219,900)</b>
15,553	Adjustment re prior year	18,204
<b>5,602,597</b>	<b>Housing Subsidy Receivable</b>	<b>(1,201,696)</b>

**4 Provision for Bad and Doubtful Debts**

<b>2003/04</b> £	<b>Rent Arrears</b>	<b>2004/05</b> £
<b>850,167</b>	Gross Rent Arrears at 31 <sup>st</sup> March	<b>800,120</b>

2003/04 £	Provision for Bad Debts:	Contribution in Year £	Written Off In Year £	2004/05 £
552,321	HRA Rent Arrears	51,367	10,591	593,097
473,484	HRA Sundry Debtors	(40,560)	54,139	378,785
<b>1,025,805</b>		<b>10,807</b>	<b>64,730</b>	<b>971,882</b>

Approximately 43% of rent arrears refer to former tenants.

**5 Cost of Capital Charge**

Capital charges comprises an asset rent, reflecting the cost of capital tied up in the asset. The asset rent for 2004/05 of £5,898,578 equates to an interest charge, based on the net amount at which the fixed asset is included in the balance sheet at 31st March 2005. The rate of interest used is 3.5%.

**6 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 £2,608,290 equates to the Major Repairs Allowance as determined by the ODPM. The charge for depreciation of £60,696 on non council dwellings has been calculated on a straight line basis over the period of their useful economic life.

## 7 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 3.5% interest charge based on the value of each asset as shown in the balance sheet
- Provision for depreciation charges detailed in below
- 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.

2003/04 £		2004/05 £
(5,482,600)	Cost of Capital	(5,898,578)
(2,786,801)	Provision for Depreciation	(2,668,986)
1,933,696	"Item 8" charge for interest (prescribed by LGHA 1989)	1,535,791
2,786,801	Depreciation charged	2,668,986
<b>(3,548,904)</b>		<b>(4,362,787)</b>

## 8 Interest on Balances

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

## 9 Major Repairs Reserve

The Major Repairs Allowance (MRA) 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 £2,608,290 and non council dwellings (e.g. garages) of £60,696 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.

31/03/2004 £		Contribution From HRA £	Transferred to HRA £	Capital Expenditure £	31/03/2005 £
<b>1,947,000</b>	<b>Major Repairs Reserve</b>	<b>2,668,986</b>	<b>60,696</b>	<b>3,234,649</b>	<b>1,320,641</b>

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

**10 Capital Expenditure**

The following table details how £4.143 million capital expenditure was financed during the year.

	<b>Total Expenditure £</b>	<b>Supported Capital Expenditure £</b>	<b>Capital Receipts £</b>	<b>Capital Reserve £</b>	<b>Major Repairs Allowance £</b>
<b>Dwellings</b>	3,843,966	598,000	(189)	270,414	2,975,741
<b>Non Dwellings</b>	299,381		(1,210)	41,683	258,908
	<b>4,143,347</b>	<b>598,000</b>	<b>(1,399)</b>	<b>312,097</b>	<b>3,234,649</b>

**11 Capital Receipts**

During the year capital receipts totalling £7.2 million were received in respect of dwellings sold, of which £5.2 million was repaid to ODPM under the pooling regime. No other capital receipts were received by the Housing Revenue Account.

**The Collection Fund**  
**Income and Expenditure Account**

2003/04 £'000		2004/05 £'000	2004/05 £'000
	<b>Income</b>		
20,603	Council Tax	21,778	
3,143	Transfer from General Fund - Council Tax Benefits	3,549	25,327
	Contributions		
21,812	Business Ratepayers		22,377
<b>45,558</b>	<b>Total Income</b>		<b>47,704</b>
	<b>Expenditure</b>		
	Precepts and Demands:		
18,225	Staffordshire County Council	18,403	
2,821	Staffordshire Police Authority	3,095	
0	Stoke-on-Trent & Staffs Fire & Rescue Authority	1,167	
2,384	Tamworth Borough Council	2,568	25,233
	Business Rate		
21,609	Payment to National Pool	22,084	
95	Costs of Collection	95	22,179
	Provision for Bad and Doubtful Debts		
443	Provision	669	
(266)	Write Off	(384)	285
	Contributions towards previous year's estimated Collection Fund Surplus		
59	Staffordshire County Council		93
8	Staffordshire Police Authority		14
0	Stoke-on-Trent & Staffs Fire & Rescue Authority		0
8	Tamworth Borough Council		12
<b>45,386</b>	<b>Total Expenditure</b>		<b>47,816</b>
<b>(172)</b>	<b>(Surplus)/ Deficit for Year</b>		<b>112</b>
<b>(103)</b>	<b>Balance Brought Forward (Surplus)/ Deficit</b>		<b>(275)</b>
<b>(275)</b>	<b>Balance as at 31<sup>st</sup> March (Surplus)/ Deficit</b>		<b>(163)</b>

## Notes to the Collection Fund Account

### 1 Non Domestic Rates

The rateable value of Non Domestic properties in the Borough as at 31st March 2005 was £55,282,596 (£54.806 million at 31st March 2004).

The NNDR multiplier for 2004/05 was 45.6p in the pound (2003/04 44.4p).

### 2 Council Tax

The Council base was as follows:

2003/04	[-----2004/05-----]			
No. of Band "D" Equivalent Properties	Band	No. of Chargeable Properties	Ratio	No. of Band "D" Equivalent Properties
5,218	A	7,895	6/9	5,263
7,707	B	9,900	7/9	7,700
4,082	C	4,607	8/9	4,095
3,151	D	3,181	1	3,181
1,806	E	1,467	11/9	1,793
536	F	366	13/9	529
142	G	82	15/9	137
1	H	1	18/9	1
<b>22,643</b>				<b>22,699</b>
98.5%	Multiplied by Anticipated			98.5%
<b>22,303</b>	Equals Council Tax Base			<b>22,358</b>

### 3 Precepting Authorities

	£
Staffordshire County Council	18,403,135
Staffordshire Police Authority	3,095,249
Stoke-on-Trent & Staffs Fire & Rescue Authority	1,166,402
Tamworth Borough Council	2,568,262

## Consolidated Balance Sheet

This summarises the financial position of the Council at 31st March 2005, providing a snapshot of the assets and liabilities on that date.

31st March 2004 £'000		Note	31st March 2005 £'000	31 <sup>st</sup> March 2005 £'000
	<b>Tangible Fixed Assets</b>			
	Operational Assets:			
155,588	Council Dwellings	1	167,507	
52,816	Other Land and Buildings	1	50,433	
735	Infrastructure Assets	1	704	
56	Vehicles, Plant, Furniture & Equipment	1	27	
1,002	Community Assets	1	1,008	
	Non-operational Assets:			
1,992	Surplus Assets, held for disposal	1	2,572	
<b>212,189</b>	<b>Total Fixed Assets</b>			<b>222,251</b>
48	Long-term Investments	2		5,049
1,102	Long Term Debtors	3		848
<b>213,339</b>	<b>Total Long-term Assets</b>			<b>228,148</b>
	<b>Current Assets</b>			
162	Stocks & Work-in-Progress		66	
4,049	Debtors	4	4,322	
16,803	Investments	5	16,000	
9	Cash		8	
<b>21,023</b>			<b>20,396</b>	
	<b>Less Current Liabilities</b>			
(2,000)	Short-term Borrowing		(2,000)	
(5,619)	Creditors	6	(6,117)	
(226)	Bank Overdraft		(909)	
<b>(7,845)</b>			<b>(9,026)</b>	
<b>13,178</b>	<b>Net Current Assets</b>			<b>11,370</b>
<b>226,517</b>	<b>Total Assets less Current Liabilities</b>			<b>239,518</b>
(21,442)	Long-term Borrowing	7		(21,442)
0	Provisions	8		(186)
(9,904)	Liability related to Defined Benefit Pension Scheme			(14,999)
<b>195,171</b>	<b>Total Assets less Liabilities</b>			<b>202,891</b>
	<b>Financed By</b>			
122,233	Fixed Asset Restatement Account	9		130,151
67,886	Capital Financing Account	10		68,682
148	Deferred Credits	11		128
4,276	Usable Capital Receipts Reserve	12		5,820
(9,904)	Pensions Reserve	18		(14,999)
1,199	Government Grants-Deferred	19		2,118
5,935	Earmarked Reserves	13		7,093
1,947	Major Repairs Reserve	13		1,321
235	Unapplied Capital Contributions			455
1,216	Revenue Balances	14		2,122
<b>195,171</b>				<b>202,891</b>

## Notes to the Consolidated Balance Sheet

### 1 Fixed Assets a) Movement in Values

	Council Dwellings £'000	Other Land & Buildings £'000	Infra-Structure £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Total Operational Assets £'000	Non Operational Assets £'000	Total Assets £'000
<b>Gross Book Value at 31<sup>st</sup> March 2004</b>	161,845	56,618	920	1,794	1,019	<b>222,196</b>	-	-
Less Accumulated Depreciation/ Impairment	(6,257)	(3,802)	(185)	(1,738)	(17)	<b>(11,999)</b>	-	-
<b>Net Book Value of Fixed Assets at 31<sup>st</sup> March 2004</b>	<b>155,588</b>	<b>52,816</b>	<b>735</b>	<b>56</b>	<b>1,002</b>	<b>210,197</b>	<b>1,992</b>	<b>212,189</b>
Additions / New Assets	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Disposals of Assets	(5,204)	(10)	0	0	0	<b>(5,214)</b>	(800)	<b>(6,014)</b>
Revaluation of Assets	19,735	227	0	0	10	<b>19,972</b>	352	<b>20,324</b>
Reclassification	0	(1,028)	0	0	0	<b>(1,028)</b>	1,028	<b>0</b>
Depreciation for Year	(2,612)	(1,572)	(31)	(29)	(4)	<b>(4,248)</b>	0	<b>(4,248)</b>
<b>Net Book Value at 31<sup>st</sup> March 2005</b>	<b>167,507</b>	<b>50,433</b>	<b>704</b>	<b>27</b>	<b>1,008</b>	<b>219,679</b>	<b>2,572</b>	<b>222,251</b>

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 31<sup>st</sup> March 2005 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:

	<b>£'000</b>
<b>General Fund</b>	
Bridge Works	59
Corporate Property Improvements	269
Disability Discrimination Act – Compliance Works	169
Amington Industrial Estate Phase 1 – Demolition Works	53
E-Esi Project (E-Gov Initiative)	671
Improvement Works to Amington Industrial Estate Phase 2	56
Riverside Estate Car Park Works	37
Ankerside Car Park Improvements	26
<b>Housing</b>	
Bathroom Replacement Programme	617
Environmental Works	168
Heating System Replacements	66
Kitchen Replacement Programme	180
High Rise & Sheltered Schemes Lift Works	126
Refurbishment of Garages	29
Refurbishment of Sheltered Schemes	48
	<b>2,574</b>

Commitments are in respect of outstanding payments on schemes in progress and schemes for which either a tender has been invited or a legal commitment entered into by 31<sup>st</sup> March 2005.

**c) Fixed Asset Analysis**

Numbers of major fixed assets owned and/or operated by the Council at 31st March 2005 were as follows:

<b>Council Dwellings</b>	
Council Dwellings and Separately Rented Garages	6,674
Area Rent Offices	2
Homelink Control Centre	1
<b>Operational Buildings</b>	
Town Hall and Marmion House	2
Tourist Information Centre	1
Public Halls	10
Depot	1
Car Parks (No. of Spaces)	1,781
Leisure Centres and Pools	1
Anker Valley Changing Rooms	1
Assembly Rooms and Carnegie Centre	2
Community Services Building (Philip Dix Centre)	1
Ankerside Shopping Centre	1
Retail Shops	65
Industrial Properties (No. of Units)	74
Land Awaiting Development (hectares)	8.7
<b>Community Assets</b>	
Parks and Recreation Grounds (hectares)	159
Cemeteries	4
Castle Museum	1
<b>Infrastructure Assets</b>	
CCTV Cameras	70

**d) Capital Expenditure**

**i) General**

Local Authorities' capital expenditure is governed by the Local Government Act 2003 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.

Central Government provide revenue support for an element of capital expenditure financed by borrowing, referred to as supported capital expenditure. Local Authorities are also able finance their capital programme through additional unsupported borrowing through the prudential regime contained within the Local Government Act 2003 as long as it is affordable, prudent and sustainable. For the financial year 2004/05 the Council did not undertake any unsupported borrowing and therefore all capital expenditure financed by borrowing is supported by the Government.

**ii) Analysis of Capital Financing Requirement**

2003/04		2004/05	
£'000		£'000	£'000
21,092	Opening Capital Financing Requirement		20,872
	Capital Investment		
185	Community Safety	32	
407	Computer Systems/ Equipment	305	
88	Corporate Properties	293	
56	Environmental & Highway Services	1,578	
159	Glascote Heath Regeneration	0	
4,628	Housing Development & Improvement	4,160	
245	Leisure & Recreation Services	208	
236	Private Housing Grants	244	
6,004			6,820
	Sources of Finance		
(1,512)	Capital Receipts	(1,456)	
(188)	Government Grants	(1,057)	
(22)	Other Contributions	(312)	
(3,793)	Revenue/ Reserves	(3,397)	
(5,515)			(6,222)
(709)	Minimum Revenue Provision		(170)
<b>20,872</b>	<b>Closing Capital Financing Requirement</b>		<b>21,300</b>

2003/04	Explanation of Movements in Year	2004/05
£'000		£'000
489	Increase in underlying need to borrow: Supported by Government Financial Assistance	598
0	Unsupported by Government Financial Assistance	0
(709)	Minimum Revenue Provision <i>(No Housing Revenue Account MRP under new prudential regime in 2004/05)</i>	(170)
<b>(220)</b>	<b>Increase/ (Decrease) in Capital Financing Requirement</b>	<b>428</b>

2003/04	Summary of Capital Financing	2004/05	
£'000		£'000	%
1,512	Capital Receipts	1,456	21%
188	Government Grants	1,057	15%
22	Other Contributions	312	5%
3,793	Revenue/ Reserves	3,397	50%
489	Supported Borrowing	598	9%
0	Unsupported Borrowing	0	-
<b>6,004</b>		<b>6,820</b>	<b>100%</b>

**e) Assets Held under Leases**

**Authority as Lessee**

The following values of assets are held which were financed under finance leases by the authority and relate to the Tamworth Business Centre units at Amber Close, these are accounted for as part of Tangible Fixed Assets:

	<b>Other Land and Buildings £'000</b>
Value at 1 <sup>st</sup> April	870
Additions	-
Revaluation's	-
Depreciation	(48)
Disposals	-
<b>Value at 31<sup>st</sup> March</b>	<b>822</b>

There are no outstanding obligations to make payments under these finance leases as their primary rental has been fulfilled.

The authority was committed at 31<sup>st</sup> March 2005 to making payments of £45,761 under Operating Leases in 2005/06, comprising the following elements:

	<b>Plant and Equipment £'000</b>
Leases expiring in 2005/06	18
Leases expiring between 2006/07 and 2009/10	28
Leases expiring after 2009/10	0

**Authority as Lessor**

The gross value of assets held for use in operating leases was £26.7 million at 31<sup>st</sup> March 2005 and subject to £1.7 million depreciation at that date, A table containing valuations and depreciation applied by classification of assets is shown below:

	<b>Asset Valuation £'000</b>	<b>Depreciation Applied £'000</b>
<b>Operational Assets</b>		
• Community Assets	1,322	266
• Other Land and Buildings	25,380	1,386
<b>Total</b>	<b>26,702</b>	<b>1,652</b>

## 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 not analysed between General Fund and Housing, but are aggregated as Authority assets.

Value at 31/03/2004 £		Original Cost £	Value at 31/03/2005 £
22,733	Government Stock:		
301	4.0% Consolidated Stock	28,434	22,958
24,589	2.5% Consolidated Stock	569	305
498	3.5% War Stock	32,689	24,851
	3.5% Conversion Stock	650	503
<b>48,121</b>		<b>62,342</b>	<b>48,617</b>
	Cash Deposits:		
0	Maturing in 1 – 2 years		4,000,000
0	Maturing in 2 – 5 years		1,000,000
<b>48,121</b>			<b>5,048,617</b>

## 3 Long Term Debtors

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

31/03/2004 £'000		31/03/2005 £'000
165	Mortgages	138
277	Car Loans/Lease Repayments	193
660	Debt Rescheduling Premiums	517
<b>1,102</b>		<b>848</b>

## 4 Debtors

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

31/03/2004 £'000		31/03/2005 £'000
341	Government Departments	857
253	Other Local Authorities	0
1,340	Business Ratepayers	1,051
1,437	Council Taxpayers	1,275
1,146	Housing Rents	1,177
898	Accruals	1,035
1,519	Other	1,699
<b>6,934</b>		<b>7,094</b>
2,885	Less : Provision for Bad Debts	2,772
<b>4,049</b>		<b>4,322</b>

**5 Investments**

These balances are cash deposits with Banks and Building Societies with maturity dates of less than 364 days.

**6 Creditors**

31/03/2004 £'000		31/03/2005 £'000
202	Government Departments	939
1,141	Business Ratepayers	1,042
99	Council Taxpayers	308
280	Housing Rents	283
118	Creditors for Goods and Services	85
3,779	Accruals	3,460
<b>5,619</b>		<b>6,117</b>

**7 Long Term Borrowing**

31/03/2004 £'000	Source of Loan	Range of Interest Rates Payable ( % )	31/03/2005 £'000
17,442	Public Works Loans Board	4.5% to 11.875%	19,442
4,000	Market Loans - fixed	7.55% to 8.5%	2,000
<b>21,442</b>			<b>21,442</b>

31/03/2004 £'000	Analysis by Maturity	31/03/2005 £'000
2,000	Maturing in 1 - 2 Years	0
2,000	Maturing in 2 - 5 Years	2,750
2,750	Maturing in 5 - 10 years	2,000
14,692	Maturing in over 10 Years	16,692
<b>21,442</b>		<b>21,442</b>

**8 Provisions**

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

31/03/2004 £'000		Transfers to £'000	Transfers from £'000	31/03/2005 £'000
0	Tribunal Costs	45	0	45
0	Pension Costs (Actuarial Strain)	100	0	100
0	Housing Repairs Contract	31	0	31
0	Tamworth Bond Scheme	10	0	10
<b>0</b>		<b>186</b>	<b>0</b>	<b>186</b>

## 9 Fixed Asset Restatement Account

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.

2003/04 £'000		2004/05 £'000
121,305	Surplus on revaluation and restatement at 1 April	122,233
14,650	Acquisition of assets and revaluation upwards	21,176
(8,165)	Disposal of assets and revaluation downwards	(6,867)
(5,557)	Capital expenditure on assets	(6,391)
<b>122,233</b>	<b>Balance at 31st March</b>	<b>130,151</b>

## 10 Capital Financing Account

This account 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.

2003/04 £'000		2004/05 £'000	2004/05 £'000
59,308	Balance at 1 <sup>st</sup> April		67,886
	Add:		
7,668	Capital receipts set aside	0	
(3,926)	Minimum Revenue Provision (MRP) (less Dep'n & Government Grants Deferred)	(4,029)	
5,406	Capital financing (revenue, capital receipts)	5,253	1,224
	Less:		
(446)	Deferred Charges written down	(428)	
(124)	Use of PCL for financing of General Fund Debt Repayment Premiums	0	(428)
<b>67,886</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>68,682</b>

## 11 Deferred Credits

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

## 12 Usable Capital Receipts Reserve

2003/04 £'000		2004/05 £'000
3,046	Balance brought forward at 1 <sup>st</sup> April	4,276
2,741	Add: Usable Receipts from Sale of Assets	3,000
5,787		7,276
(1,511)	Less: Financing of Capital Expenditure	(1,456)
<b>4,276</b>	<b>Balance carried forward at 31<sup>st</sup> March</b>	<b>5,820</b>

**13 Earmarked Reserves/ Major Repairs Reserve**

31/03/04 £'000		Transfer (to) / from Other Sources £'000	Transfer (to)/ from Other Reserves £'000	Transfer (to)/ from Revenue £'000	31/03/05 £'000
2,022	Future Capital Expenditure	0	200	406	2,628
1,176	Temporary	0	(105)	289	1,360
421	Retained Funds	0	(75)	268	614
716	Repairs and Renewals	0	0	1	717
1,366	Commuted Sums	0	0	125	1,491
13	Insurance	0	0	0	13
221	Other Reserves	0	(20)	69	270
<b>5,935</b>	<b>Total Earmarked Reserves</b>	0	0	1,158	<b>7,093</b>
1,947	Major Repairs Reserve	(626)	0	0	1,321
<b>7,882</b>	<b>Total Specific Reserves</b>	(626)	0	1,158	<b>8,414</b>

**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.

**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.

**Major Repairs Reserve:** The Council is required to maintain a Major Repairs Reserve to fund capital spending on housing stock.

**14 Revenue Balances**

31/03/2004 £'000		Movement in year £'000	31/03/2005 £'000
503	General Fund	656	1159
438	Housing Revenue	362	800
275	Collection Fund – Council Tax	(112)	163
<b>1,216</b>		<b>906</b>	<b>2,122</b>

**15 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.

**16 Analysis of Net Assets Employed**

31/03/2004 £'000		31/03/2005 £'000
26,435	General Fund	21,892
139,729	Housing Revenue	152,553
28,732	Other Trading Services	28,283
275	Collection Fund	163
<b>195,171</b>		<b>202,891</b>

**17 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 31/03/2004 £'000		Expenditure in Year £'000	Charge to Revenue £'000	Balance at 31/03/2005 £'000
0	Private Sector Improvement Grants	244	244	0
0	Sports/ Play Facilities	164	164	0
0	Payment to Registered Social Landlord	20	20	0
<b>0</b>		<b>428</b>	<b>428</b>	<b>0</b>

**18 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 Pension 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 2004/05, pension costs have been charged to the consolidated revenue account on the basis of current service costs payable to the Staffordshire County Council pension scheme, based upon a formal actuarial valuation at 31<sup>st</sup> March 2004, and pensions payable to retired officers.

At the 31<sup>st</sup> March 2005, the authority had the following overall assets and liabilities for pensions included in the balance sheet;

2003/04 £'000		2004/05 £'000
45,832	Estimated Liabilities in Scheme	54,912
35,928	Estimated Assets in Scheme	39,913
<b>(9,904)</b>	<b>Net Asset / (Liability)</b>	<b>(14,999)</b>

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 31<sup>st</sup> March 2005. The main assumptions used in their calculations are:

2003/04		2004/05
2.9%	Rate of Inflation	2.9%
4.4%	Rate of Increase in Salaries	4.4%
2.9%	Rate of Increase in Pensions	2.9%
6.5%	Discount Rate	5.4%

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

2003/04			2004/05		Long Term Return % Per annum	Expected Annual Return £'000
Value £'000	%		Value £'000	%		
27,545	77	Equity Investments	30,315	76	7.7	2,334
4,614	13	Bonds	4,975	13	4.8	239
3,305	9	Property	3,663	9	5.7	209
464	1	Cash	960	2	4.8	46
<b>35,928</b>	<b>100</b>		<b>39,913</b>	<b>100</b>	<b>7.1</b>	<b>2,828</b>

The movement in net pension liability is as follows:

2003/04 £'000		2004/05 £'000
(14,150)	Net Pension surplus/(liability) at 1 April	(9,904)
(877)	Current Service Cost	(1,307)
724	Employer contributions payable to scheme	819
74	Contributions in respect of Unfunded Benefits	72
(13)	Past Service Costs	0
(373)	Impact of settlements and curtailments	(25)
(565)	Net return on assets	(14)
5,276	Actuarial gains/(losses)	(4,640)
<b>(9,904)</b>	<b>Net Pension surplus/(liability) at 31 March</b>	<b>(14,999)</b>

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

	Year to 31/03/2005 £'000	Year to 31/03/2004 £'000	Year to 31/03/2003 £'000
Difference between expected & actual return on assets	2,330	5,294	(9,424)
Value of Assets	39,913	35,928	28,916
<b>Percentage of Assets</b>	<b>5.8%</b>	<b>14.7%</b>	<b>(32.6%)</b>
Experience gains/ (losses) on liabilities	2,993	(18)	72
Present value of liabilities	54,912	45,831	43,056
<b>Percentage of the Present Value of Liabilities</b>	<b>5.5%</b>	<b>(0.0%)</b>	<b>0.2%</b>
Actuarial gains/ (losses)	(4,640)	5,276	(9,352)
Present value of liabilities	54,912	45,831	43,056
<b>Percentage of the Present Value of Liabilities</b>	<b>(8.4%)</b>	<b>11.5%</b>	<b>(21.7%)</b>

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 £14.999 million.

**19 Government Grants Deferred**

2003/04 £'000		2004/05 £'000
1,117	Opening Balance at 1 April	1,199
109	Applied in year	968
(27)	Transferred to AMRA	(49)
<b>1,199</b>	<b>Balance at 31 March</b>	<b>2,118</b>

### 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.

2003/04 £'000		2004/05 £'000	2004/05 £'000	2004/05 £'000
	Surplus/(deficit) for the year:			
0	- General Fund	656		
(249)	- Housing Revenue Account	362		
172	- Collection Fund	(112)		
113	Add back Movements on earmarked revenue reserves	1,158		
			2,064	
(1,030)	Deduct Appropriation from pensions reserve	(455)		
5,276	Actuarial gains and losses relating to pensions	(4,640)		
			(5,095)	
<b>4,282</b>	<b>Total increase/(decrease) in revenue resources (Note 1)</b>			<b>(3,031)</b>
1,230	Increase/(decrease) in usable capital receipts		1,544	
235	Increase/(decrease) in unapplied capital grants and contributions		220	
<b>1,465</b>	<b>Total increase/(decrease) in realised capital resources (Note 2)</b>			<b>1,764</b>
8,959	Gains/(losses) on revaluation of fixed assets		13,932	
0	Impairment losses on fixed assets due to general changes in prices		0	
<b>8,959</b>	<b>Total increase/(decrease) in unrealised value of fixed assets (Note 3)</b>			<b>13,932</b>
<b>(8,031)</b>	<b>Value of assets sold/ disposed of (Note 4)</b>			<b>(6,014)</b>
9,179	Capital receipts set aside		1,456	
(601)	Revenue resources set aside		(660)	
82	Movement on Government Grants Deferred		919	
(158)	Movement on Major Repairs Reserve		(626)	
<b>8,502</b>	<b>Total Increase/(decrease) in amounts set aside to finance capital investment (Note 5)</b>			<b>1,089</b>
<b>15,177</b>	<b>Total recognised gains &amp; losses</b>			<b>7,740</b>

## Notes to the Statement of Total Movements in Reserves

	General Fund Balances £'000	HRA Balances £'000	Collection Fund £'000	Earmarked Revenue Reserves £'000	Pensions Reserve £'000
<b>1. Movements in revenue resources</b>					
Surplus/(deficit) for 2004/05	656	362	(112)	-	-
Appropriations to/from revenue	-	-	-	1,158	(455)
Actuarial gains and losses relating to pensions	-	-	-	-	(4,640)
	<b>656</b>	<b>362</b>	<b>(112)</b>	<b>1,158</b>	<b>(5,095)</b>
Balance brought forward at 1 April	503	438	275	5,935	(9,904)
<b>Balance carried forward at 31 March</b>	<b>1,159</b>	<b>800</b>	<b>163</b>	<b>7,093</b>	<b>(14,999)</b>

	Usable Capital Receipts £'000	Unapplied Capital Grants & Contributions £'000
<b>2. Movements in realised capital resources</b>		
Amounts receivable in 2004/05	3,000	1,188
Amounts applied to finance new capital investment	(1,456)	(968)
<b>Total increase/(decrease) in realised capital resources</b>	<b>1,544</b>	<b>220</b>
Balance brought forward at 1 April	4,276	235
<b>Balance carried forward at 31 March</b>	<b>5,820</b>	<b>455</b>

	Fixed Asset Restatement Account £'000
<b>3. Movements in unrealised value of fixed assets</b>	
Gains/(losses) on revaluation of fixed assets in 2004/05	13,932
Impairment losses on fixed assets due to general changes in prices in 2004/05	0
<b>Total increase/(decrease) in unrealised capital resources</b>	<b>13,932</b>
<b>4. Value of assets sold, disposed of.</b>	
Amounts written off to fixed asset balances for disposals in 2004/05	(6,014)
<b>Total movement on reserve</b>	<b>7,918</b>
Balance brought forward at 1 April	122,233
<b>Balance carried forward at 31 March</b>	<b>130,151</b>

## Tamworth Borough Council

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	<b>Capital Financing Account £'000</b>	<b>Government Grants Deferred £'000</b>	<b>Total £'000</b>
<b>5. Movements in amounts set aside to finance capital investment</b>			
Capital receipts set aside in 2004/05:			
- reserved receipts	0	-	
- usable receipts applied	1,456	-	
<b>Total capital receipts set aside in 2004/05</b>	<b>1,456</b>	-	<b>1,456</b>
Revenue resources set aside in 2004/05:			
- capital expenditure financed from revenue	3,797	-	
- reconciling amount for provisions for loan repayment	(4,457)	-	
<b>Total revenue resources set aside in 2004/05</b>	<b>(660)</b>	-	<b>(660)</b>
Grants applied to capital investment	-	968	
Amounts credited to the Asset Management Revenue Account	-	(49)	
<b>Movement on Government Grants Deferred</b>	-	<b>919</b>	<b>919</b>
<b>Movement on Major Repairs Reserve (Note 9 of the Housing Revenue Account refers – page 27)</b>			<b>(626)</b>
<b>Total increase/(decrease) in amounts set aside to finance capital investment</b>			<b>1,089</b>
Total movement on reserve	796	919	
Balance brought forward at 1 April	67,886	1,199	
<b>Balance carried forward at 31 March</b>	<b>68,682</b>	<b>2,118</b>	



## Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising.

2003/04 £'000		2004/05 £'000	2004/05 £'000	2004/05 £'000
	<b>Revenue Activities</b>			
	Cash Outflows:			
11,964	Cash paid to and on behalf of employees	12,595		
17,283	Other operating cash payments	21,190		
3,948	Housing Benefit paid out	4,279		
21,783	National non-domestic rates paid to pool	22,333		
21,113	Precepts paid	22,665		
0	Payments to the capital receipts pool	4,398	87,460	
	Cash Inflows:			
8,688	Rents (after rebates)	8,504		
20,369	Council Tax income	21,907		
2,878	National non-domestic rates from pool	2,320		
22,328	Non-domestic rate receipts	22,278		
2,722	Revenue Support Grant	3,208		
7,248	DWP Grant for Benefits	14,367		
7,465	Other Government Grants (Note 1)	1,870		
6,375	Cash Received for Goods and Services	6,864		
5,779	Other operating cash receipts	3,100	84,418	
<b>7,761</b>				<b>(3,042)</b>
	<b>Returns on Investments and Servicing of Finance</b>			
	Cash Outflows:			
2,463	Interest Paid	1,833		
0	Interest element of finance lease rental payments	1	1,834	
	Cash Inflows:			
808	Interest Received		873	(961)
<b>6,106</b>	<b>Net Cash Inflow/(Outflow) from Revenue Activities (Note 2)</b>			<b>(4,003)</b>
	<b>Capital Activities</b>			
	Cash Outflows:			
4,591	Other Capital cash payments		6,801	
	Cash Inflows:			
9,180	Sale of Fixed Assets	8,351		
1,664	Capital Grants Received	1,261		
(946)	Other Capital cash receipts	(295)	9,317	2,516
<b>11,413</b>	<b>Net Cash Inflow/(Outflow) before Financing (c/fwd)</b>			<b>(1,487)</b>

## Tamworth Borough Council

2003/04 £'000		2004/05 £'000	2004/05 £'000
11,413	<b>Net Cash Inflow/(Outflow) before Financing (b/fwd)</b>		(1,487)
	<b>Management of Liquid Resources (Note 3)</b>		
(3,061)	Net (Increase)/Decrease in Short Term Deposits		803
	<b>Financing (Note 4)</b>		
	Cash Outflows:		
(7,898)	Repayments of Amounts Borrowed	(3,500)	
	Cash Inflows:		
500	New Loans Raised	3,500	0
<b>954</b>	<b>Increase/(decrease) in Cash</b>		<b>(684)</b>
	<b>Movements in Cash</b>		
(1,173)	Cash/Bank 1 <sup>st</sup> April	(217)	
(219)	Cash/Bank 31 <sup>st</sup> March	(901)	(684)
<b>954</b>	<b>Movement in Year</b>		<b>(684)</b>

### Notes

#### 1 Other Government Grants comprise:

2003/04 £'000		2004/05 £'000
5,814	Housing Subsidy	0
404	DWP Admin. Grant	389
95	NNDR Cost of Collection	94
78	Homeless Grant	198
33	Benefits Fraud Grant	50
3	Transitional H.B.	0
380	Single Regeneration Budget (SRB)	16
7	Discretionary Housing Payment	3
100	Planning Delivery Grant	186
22	Homelessness Strategy	50
286	Community Safety	311
5	Audit Commission CPA Grant	0
0	Elections	50
0	Procurement – Centre of Excellence	60
0	Defra/Wrap	190
238	Supporting People Grant	273
<b>7,465</b>		<b>1,870</b>

**2 Reconciliation to Revenue Accounts**

2003/04 £'000		2004/05 £'000	2004/05 £'000
(77)	Net Surplus/(Deficit) for year (page 41, Note 14)		906
	Non-cash Transactions		
	Add:		
4,661	Provision for Depreciation	4,247	
(3,926)	Minimum Revenue Provision	(4,029)	
(45)	Contribution to Reserves	532	
(124)	Use of Provisions	186	
3,793	Financing of Capital Expenditure	3,709	
1	Long Term Investments	(5,001)	
(27)	Write Down of Government Grants Deferred	(49)	(405)
	Items on an Accruals Basis		
	Add:		
(18)	Reduction in Stocks	96	
2,393	Reduction in Revenue Debtors	(273)	
(525)	Increase in Creditors	903	726
0	Payments to the Capital Receipts Pool		(5,230)
<b>6,106</b>	<b>Net Cash Income from Revenue Activities</b>		<b>(4,003)</b>

**3 Management of Liquid Resources**

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

**4 Movements in Financing and Management of Liquid Resources**

	2004/05 £'000	2004/05 £'000
Investments at 1 <sup>st</sup> April 2004	16,803	
Investments at 31 <sup>st</sup> March 2005	16,000	803
Long Term Borrowing at 1 <sup>st</sup> April 2004	(21,442)	
Long Term Borrowing at 31 <sup>st</sup> March 2005	(21,442)	0
Short Term Borrowing at 1 <sup>st</sup> April 2004	(2,000)	
Short Term Borrowing at 31 <sup>st</sup> March 2005	(2,000)	0
Deferred Liabilities at 1 <sup>st</sup> April 2004	0	
Deferred Liabilities at 31 <sup>st</sup> March 2005	0	0
		<b>803</b>



## 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 system of capital accounting, which allows authorities to offset the impact of capital charges on the net cost of services. It is also debited with any external interest payable, provisions for depreciation, impairment and any capital grants/ contributions released from the Government Grants Deferred Account.

### **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 Account**

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 Financing Requirement**

This represents the Council's underlying need to borrow for capital purposes.

### **Capital Receipts**

Proceeds from the sale of assets e.g. land or buildings, which may be used to finance new capital expenditure or are payable to the Central Government Housing Capital Receipts Pool.

### **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 the United Kingdom 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 Business Rates and 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.

### **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 Account**

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.

### **Formula Spending Shares (FSS's)**

These are the Government's way of dividing up Total Assumed Spending (not including ring fenced or targeted grants) between local authorities. The formulae used to work out Formula Spending Shares are set out in Section 4 of the Local Government Finance Report. From 1990/91 to 2002/03, this job was done by *Standard Spending Assessments*.

### **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 lessor and annual rental is charged direct to the revenue account.

### **Major Repairs Allowance**

The Major Repairs Allowance was introduced in 2001/02 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% of the General Fund Capital Financing Requirement. No MRP is required for the Housing Revenue Account.

### **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, Staffordshire Police Authority and the Stoke-on-Trent and Staffordshire Fire & Rescue 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 FSS.

### **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 considered appropriate for each local authority to incur in providing a common level of service. The Standard Spending Assessment was the key factor in determining the amount of Revenue Support Grant paid to each authority until 2002/03.

### **Supported Capital Expenditure**

Authorisations given by the Government to local authorities which enable them to finance capital expenditure by either borrowing or government grant.

## 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

**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

**Non Distributed Costs**

**Pension Costs Relating to Added Years and Early Retirement**



## **STATEMENT ON INTERNAL CONTROL 2004-05**

### **1. SCOPE OF RESPONSIBILITY**

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. 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 authority's functions and which includes arrangements for the management of risk.

This Statement demonstrates the arrangements in place in these respects and serves to meet the relevant requirements of the Accounts and Audit Regulations 2003 (and supporting guidance).

### **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. Systems of internal control are based on ongoing processes designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control as referred to below has been in place at the authority for the year ended 31<sup>st</sup> March 2005 and up to the date of approval of the annual report and accounts and, except for the details of significant control issues at section 5, accords with proper practice.

### **3. THE INTERNAL CONTROL ENVIRONMENT**

The authority operates a number of processes that constitute, or contribute to the operation of, the internal control environment, including:

- The clear statement and monitoring of achievement of corporate objectives. Processes to further refine this monitoring through clearer linkage of corporate objectives to Directorate and service objectives have been put in place.
- The effective operation of, and compliance with, policies and decision-making processes including Cabinet and Scrutiny Committees, the Council's Constitution and schemes of delegated decision making powers.

- The operation of scrutiny committees to provide opportunity for independent member review of Council services and decisions. Meetings are open to the public except where personal or confidential matters are being disclosed. In addition, senior officers of the Council can make decisions under delegated authority. The Council publishes a Forward Plan which contains details of key decisions to be made by the Council and its committees.
- The establishing of Directorate and service business plans and the regular formal review of performance against those plans and identified performance measures as part of the performance management framework and as required by duties of continuous improvement.
- The operation of statutory officer roles, ie Head of Paid Service (the Chief Executive), Section 151 Officer (the Director of Finance) and Monitoring Officer (Director of Corporate Governance) to ensure compliance with laws and regulations. The Monitoring Officer's role is to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service and Section 151 Officer, the Monitoring Officer will report to full Council if he considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.
- The financial management of the authority is conducted in accordance with the financial rules set out in Part 4 of the Constitution and with Financial Regulations and Guidance. The Council has designated the Director of Finance as the responsible financial officer in accordance with Section 151 of the Local Government Act 1972. The Council has in place a five-year Financial Plan, updated annually, to support the medium-term aims of the Corporate Plan.
- The Council maintains an Internal Audit Section, which operates to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'.
- The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit Letter.
- The Council has adopted a "Local Code of Corporate Governance" in accordance with the CIPFA/SOLACE Framework for Corporate Governance. The local code contains appropriate monitoring and reporting procedures, and can be found on the Council's website at [www.tamworth.gov.uk](http://www.tamworth.gov.uk), together with a 'rough guide' to corporate governance.
- The development of a formalised approach to the identification, assessment and management of risks to the authority's objectives, in compliance with a Risk Management Strategy approved by the Council. All services have completed a formal assessment of the risks to the achievement of their objectives and the controls in place or required to properly deal with those risks. A corporate risk register has been compiled. Managers are expected to review and monitor risks to their objectives and take appropriate action. Support and guidance is available to managers to assist in these processes.

- The management of financial and other resources eg budgetary control, asset management, personnel management, in accordance with appropriate professional standards.
- The operation of management review of services and functions and the extent of their economy, efficiency and effectiveness.
- The delivery of services by trained and experienced people. All posts have a detailed Job Description and Person Specification.
- The operation of personal development reviews and appropriate training for employees to ensure objectives and targets are clear and agreed, and necessary skills obtained.
- Reviews by Internal Audit, external auditors and other agencies to provide appropriate levels of assurance of the effectiveness of the internal control environment.
- The operation of a formalised project management approach, Prince 2, in relation to the management of key corporate projects.
- The Council has introduced the “Tell Us” scheme whereby the public can make complaints, comments or compliments about the Council's services/functions and personnel matters including members and sex or race discrimination.

#### 4. **REVIEW OF EFFECTIVENESS**

The authority has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This is informed by the work of Internal Audit and managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates in their annual audit letter and other reports.

In reality this review is an ongoing process, and during the year various activities, including the following, have been undertaken as part of this review:

- The Director of Corporate Governance (the ‘Monitoring Officer’) has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution each year at its Annual Meeting.
- The local Code of Corporate Governance is reviewed on an annual basis, including Dimension 4 relating to risk management and internal control, and an Action Plan is adopted to deal with any issues.
- Review of certain existing policies, production and approval of new or revised policies and procedures.
- The further development of a corporately defined approach to the identification, assessment and management of risks to the authority's and specific services' objectives.
- The further extension of management review processes (eg reviews based on the Vanguard approach) by which the effectiveness of processes, resource use, and necessary improvement, is considered.

- Internal officer review of corporate governance arrangements, leading to publication of clear guidance in the form of a 'rough guide' on the Council's website.
- Internal Audit are responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a five-year plan which is approved by Cabinet, and from which the annual workload is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service manager, Assistant Director and Director. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The process includes follow-up within six months of the implementation of agreed actions to address recommendations.
- The Internal Audit Manager meets Directors and the Chief Executive periodically to discuss delivery of the audit plan and any key issues arising including key risks.
- The Internal Audit Manager provides a quarterly and annual opinion statement to Cabinet.
- The Internal Audit Section is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section.
- Managers are required to provide statements of assurance with regard to the adequacy of internal controls in their areas of responsibility.
- Standards Committee (which includes 2 independent co-opted members) has a responsibility to review the role of internal and external audit and to review the constitution.

### 5. **SIGNIFICANT INTERNAL CONTROL ISSUES**

The Council has put in place an Improvement Plan to deal with the issues raised in the CPA review of the authority during 2003/4. The Council has commissioned a Peer Review of its improvements and will act accordingly on the agreed outcomes of this to ensure appropriate progress is made towards its goal of becoming an excellent authority. Specifically, the need to further develop systematic approaches to consultation and communication has been identified and proposals to address this will be considered by CMT in 2005/6. In addition, a review leading to further development of the established and communicated performance management framework to inform the 2006/7 Business Planning process is planned. Proposed changes to improve the effectiveness of the Scrutiny process are also to commence in early 2005/6.

A corporate risk management framework has been introduced in accordance with good practice. Work on embedding this within the organisation has progressed significantly during the year. All services now have in place a risk assessment, and an initial corporate risk register has been compiled for ownership by Corporate Management Team (CMT). It is recognised that significant further work is still needed to ensure there is systematic evidenced assessment and management of the risks to the achievement of objectives in accordance with good practice, however there is positive progress towards this. CMT has agreed an action plan to ensure appropriate progression of risk management in accordance with good practice.

Following an Internal Audit review senior management are currently reviewing the approach to identifying and managing health and safety risks to ensure these are dealt with in the most effective fashion, and accordingly a plan of necessary improvements is being devised with the advice of the Health & Safety Advisor and agreed with CMT.

During the year, previously unforeseen variations to the projected annual revenue out-turn including projected shortfalls in income were identified in certain service areas through the routine budget monitoring processes. Management put in place remedial measures as a result. At the request of the Director of Finance and CMT a review of compliance with corporate revenue budget management processes was carried out by Internal Audit. The audit review identified areas for action to ensure consistent compliance, which were agreed by CMT. Internal Audit review of the implementation of identified actions from the report will be carried out within 3 months of the finalisation of the review report.

At the end of the financial year budgets in some services areas were significantly underspent, and management are putting in place processes aiming to ensure projected out-turn figures are more consistently accurate in future.

End-of-year financial processes highlighted some cases, both capital and revenue, in which sums had been accrued into 2005/2006 financial year inappropriately, and these were investigated and corrected. Areas of improvement to capital project/budget monitoring and reporting are being identified and action plans put in place to address these.

Signed:



R.Cook, Leader

on behalf of the members and senior officers of Tamworth Borough Council



D.Weatherley, Chief Executive

Date: 20-06-05



## Code of Corporate Governance – Statement of Assurance 2004-05

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](http://www.tamworth.gov.uk) or can be obtained from reception at Marmion House, Lichfield Street, Tamworth, Staffordshire.

During the year, the authority has operated 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](http://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 in hand is completed and that work planned is commenced and progressed.

Signed:



R. Cook, Leader

on behalf of the members and senior officers of Tamworth Borough Council



D. Weatherley, Chief Executive

Date: 20-06-05



## Approval of Accounts

I confirm that these accounts were approved by the Council at the meeting held on  
19<sup>th</sup> July 2005

Signed on behalf of Tamworth Borough Council

A handwritten signature in black ink, appearing to be 'M. J. ...', written over a faint, illegible printed name.

Chair of the Council meeting

Dated 19<sup>th</sup> July 2005



## Statement 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 Director of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the statement of accounts.

### The Director of Finance's responsibilities

The Director of Finance is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the SORP).

In preparing this statement of accounts, the Director of Finance has:

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

The Director of Finance 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 31<sup>st</sup> March 2005.



J Wheatley FCCA  
Director of Finance

Dated

17<sup>th</sup> JUNE 2005.





## **Independent Auditors' Report to Tamworth Borough Council**

We have audited the statement of accounts on pages 2 to 63.

This report is made solely to Tamworth Borough Council, as a body, in accordance with Section 2 of the Audit Commission Act 1998. Our work has been undertaken so that we might state to Tamworth Borough Council those matters we are required to state to it in an auditors' report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tamworth Borough Council, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the Director of Finance and Auditors**

As described on page 69, the Council's Director of Finance is responsible for the preparation of the statement of accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2004: A Statement of Recommended Practice. 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 statement of accounts presents fairly the financial position of the Council and its income and expenditure for the year.

We review whether the statement on internal control on pages 59 to 63 reflects compliance with CIPFA's guidance *The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003* published on 2 April 2004. We report if it does not comply with proper practices specified by CIPFA 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, nor have we considered, whether the statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the authority's corporate governance procedures or its risk and control procedures. 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.

## Tamworth Borough Council

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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 statement of accounts 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 the information in the financial statements.

### Opinion

In our opinion, the statement of accounts presents fairly the financial position of Tamworth Borough Council as at 31 March 2005 and its income and expenditure for the year then ended.

KPMG LLP

KPMG LLP  
Chartered Accountants  
Birmingham

Date: 26 August 2005