



Borough of Tamworth

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AUDIT AND GOVERNANCE COMMITTEE

17 July 2019

Dear Councillor

A meeting of the Audit and Governance Committee will be held in **Committee Room 1 - Marmion House on Thursday, 25th July, 2019 at 6.00 pm**. Members of the Committee are requested to attend.

Yours faithfully

A handwritten signature in black ink, appearing to be 'AJS', followed by a long horizontal line.

CHIEF EXECUTIVE

A G E N D A

NON CONFIDENTIAL

- 1 Minutes of the Previous Meeting (Pages 5 - 10)**
- 2 Apologies for Absence**
- 3 Declarations of Interest**

To receive any declarations of Members' interests (pecuniary and non-pecuniary) in any matters which are to be considered at this meeting.

When Members are declaring a pecuniary or non-pecuniary interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a pecuniary or non-pecuniary interest in respect of which they do not have a dispensation.

- 4 Audit Findings Report - 2018-19** (Pages 11 - 32)
(The Audit Findings Report 2018-19 from Grant Thornton, the External Auditors)
- 5 Management Representation Letter 2018/19** (Pages 33 - 36)
(The Report of the Executive Director, Finance)
- 6 Annual Statement Of Accounts & Report 2018/19** (Pages 37 - 208)
(Report of the Executive Director Finance)
- 7 Risk Management Quarterly Update** (Pages 209 - 254)
(Report of the Assistant Director Finance)
- 8 Assistant Director People Update**
(To receive an update from the Assistant Director People)
- 9 Modern Slavery and Human Trafficking Statement 2018/19** (Pages 255 - 262)
(Report of the Assistant Director Partnerships)
- 10 Regulation of Investigatory Powers Act 2000** (Pages 263 - 266)
(Report of the Assistant Director Partnerships)
- 11 Counter Fraud Update** (Pages 267 - 282)
(The Report of the Interim Head of Internal Audit Services)
- 12 Internal Audit Quarterly Update** (Pages 283 - 300)
(Report of the Interim Head of Internal Audit Services)
- 13 Audit and Governance Committee Timetable** (Pages 301 - 306)
(Discussion Item)

Access arrangements

If you have any particular access requirements when attending the meeting, please contact Democratic Services on 01827 709267 or e-mail democratic-services@tamworth.gov.uk. We can then endeavour to ensure that any particular requirements you may have are catered for.

Filming of Meetings

The public part of this meeting may be filmed and broadcast. Please refer to the Council's Protocol on Filming, Videoing, Photography and Audio Recording at Council meetings which can be found [here](#) for further information.

The Protocol requires that no members of the public are to be deliberately filmed. Where possible, an area in the meeting room will be set aside for videoing, this is normally from the front of the public gallery. This aims to allow filming to be carried out whilst minimising the risk of the public being accidentally filmed.

If a member of the public is particularly concerned about accidental filming, please consider the location of any cameras when selecting a seat.

FAQs

For further information about the Council's Committee arrangements please see the FAQ page [here](#)

To Councillors: M Summers, M Bailey, C Cooke, J Faulkner, M Greatorex, M Oates and
P Thurgood

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**MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD ON 6th JUNE 2019**

PRESENT: Councillor M Summers (Chair), Councillor M Bailey (Vice-Chair),
C Cooke, M Greatorex, M Oates and P Thurgood

Officers Angela Struthers (Head of Audit & Governance), Stefan
Garner (Executive Director Finance) and Kerry Beavis
(Principal Auditor)

Visitors Phil Jones and Laurelin Griffiths
(External Auditors)

Apologies received from: Councillor(s) J Faulkner

1 APPOINTMENT OF VICE-CHAIR

RESOLVED: That Councillor M Bailey be appointed as Vice-Chair

*(Moved by Councillor M Summers and seconded by
Councillor M Oates)*

2 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 28th March 2019 were approved and signed
as a correct record.

(Moved by Councillor M Greatorex and seconded by Councillor C Cooke)

3 DECLARATIONS OF INTEREST

There were no declarations of Interest.

4 ROLE OF THE AUDIT COMMITTEE

Presentation given by Laurelin Griffiths and Phil Jones from Grant Thornton on the Role of the Audit Committee

5 UPDATE FROM EXTERNAL AUDITORS

Verbal update – external auditors on-site completing final accounts work and no issues.

The Chair requested a private meeting to be arranged with Grant Thornton and the Audit & Governance Committee after the next meeting.

6 EXTERNAL AUDITORS FEE LETTER

The Audit Fee Letter for 2019/20 of Grant Thornton (External Auditor) was considered

RESOLVED: That Members endorsed the Audit Fee Letter for 2019/20

(Moved by Councillor M Summers and seconded by Councillor C Cooke)

7 ANNUAL GOVERNANCE STATEMENT & CODE OF CORPORATE GOVERNANCE

Members were informed of the process followed in producing an Annual Governance Statement and revised Code of Corporate Governance in accordance with statutory requirements, and to approve the proposed draft Annual Governance Statement and Code of Corporate Governance

RESOLVED That,

- a) The Annual Governance Statement was agreed by the Committee as appropriate for presentation to the external auditor and for inclusion in the Annual Statement of Accounts; and
- b) The Code of Corporate Governance was agreed.

(Moved by Councillor M Summers and seconded by Councillor M Greatorex)

An additional recommendation was agreed;

RESOLVED That,

Zoe Wolicki to attend the next meeting to provide

an update on E induction, PDR process,
Communications Strategy

Councillor M Summers to liaise with relevant
Scrutiny Chair regarding E – learning review

(Moved by Councillor M Summers and seconded by Councillor M Bailey)

8 INTERNAL AUDIT UPDATE REPORT 2018/19 QUARTER 4 AND ANNUAL REPORT

To report to Committee the outcome of Internal Audit's review of the internal control, risk management and governance framework in the 4th quarter and the 2018/19 financial year, also provided members with assurance of the ongoing effective operation of an internal audit function and enable any particularly significant issues to be brought to the Committee's attention

RESOLVED That Committee;
Considered the attached report.

(Moved by Councillor C Cooke and seconded by Councillor P Thurgood)

9 INTERNAL AUDIT CUSTOMER SATISFACTION RESULTS

Committee was updated on the outcome of Internal Audit's customer satisfaction survey.

RESOLVED That Committee;
Considered the report.

(Moved by Councillor M Bailey and seconded by Councillor M Greatorex)

10 PUBLIC SECTOR INTERNAL AUDIT STANDARDS AND QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

To report on the compliance with the Public Sector Internal Audit Standards and the Quality Assurance & Improvement Programme (as required by the Public Sector Internal Audit Standards).

RESOLVED That Committee endorsed

- The compliance with the Public Sector

Internal Audit Standards; and

- The Quality Assurance & Improvement Programme.

(Moved by Councillor M Greatorex and seconded by Councillor C Cooke)

11 COUNTER FRAUD UPDATE

Members were provided with an update of the Counter fraud work completed during the 2018/19 financial year.

RESOLVED The Committee
Considered the report

(Moved by Councillor P Thurgood and seconded by Councillor M Greatorex)

12 AUDIT & GOVERNANCE COMMITTEE SELF-ASSESSMENT

The Audit and Governance Committee completed a self-assessment of the effectiveness of the Committee to inform an improvement action plan

RESOLVED: That Members of the Committee completed the self-assessment

(Moved by Councillor M Summers and seconded by Councillor M Bailey)

13 REGULATION OF INVESTIGATORY POWERS ACT 2000

RESOLVED The Committee endorsed the RIPA monitoring report for the quarter to 31 March 2019.

(Moved by Councillor M Summers and seconded by Councillor M Greatorex)

14 AUDIT AND GOVERNANCE COMMITTEE TIMETABLE

The Committee reviewed the timetable.

As requested by the chair, at the close of the meeting the members of the Audit and Governance Committee met in private with the Head of Audit and Governance.

Chair

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The Audit Findings for Tamworth Borough Council

Page 1
Year ended 31 March 2019
July 2019



Contents



Your key Grant Thornton
team members are:

Page 12

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Section

1. Headlines
2. Financial statements
3. Value for money
4. Independence and ethics

Page

- 3
- 4
- 14
- 17

Appendices

- A. Audit adjustments
- B. Fees
- C. Audit Opinion

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of Tamworth Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2019 for those charged with governance.

Financial Statements	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:</p> <ul style="list-style-type: none">• give a true and fair view of the financial position of the Council and its income and expenditure for the year; and• have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed on site during June. Our findings are summarised on pages 4 to 13. We have identified adjustments to the financial statements which are detailed in Appendix A.</p> <p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion (included as Appendix C), subject to the outstanding matters detailed on the next page.</p> <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.</p> <p>Our anticipated audit report opinion will be unmodified.</p>
Value for Money arrangements	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').</p>	<p>We have completed our risk based review of the Council's value for money arrangements. We have concluded that Tamworth Borough Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix C. Our findings are summarised on pages 14 to 16.</p>
Statutory duties	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none">• report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and• To certify the closure of the audit.	<p>We have not exercised any of our additional statutory powers or duties.</p> <p>We have completed the majority of work required under the Code, and expect to be able to certify the completion of the audit when we give our audit opinion.</p>

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Summary

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality calculations remain the same as reported in our audit plan:

	Amount (£)
Materiality for the financial statements	1,100,000
Performance materiality	825,000
Trivial matters	55,000
Materiality for disclosures relating to:	100,000
• Senior Officer Remuneration; and	
• Exit Packages.	

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter or change our audit plan, as communicated to you in February 2019.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Governance Committee meeting on 25 July 2019, as detailed in Appendix C. These outstanding items include:

- completion of our work to challenge the work of the Council's actuary;
- completion of our work to challenge the revaluations performed on the Council's land and buildings, and finalisation of a small number of items of sample testing relating to the Council's assets;
- completion of our testing on the Council's housing benefit expenditure;
- review of the Council's amended financial statements, to ensure that adjustments have been appropriately processed;
- quality reviews by the audit manager and engagement lead;
- receipt of the signed management representation letter; and
- review of the final, approved, set of financial statements.

Significant findings – audit risks

Risks identified in our Audit Plan

Commentary

1

The revenue cycle includes fraudulent transactions

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition;
- opportunities to manipulate revenue recognition are very limited; and
- the culture and ethical frameworks of local authorities, including the Authority, mean that all forms of fraud are seen as unacceptable.

Therefore we do not consider this to be a significant risk for Tamworth Borough Council.

Our audit work has not identified any issues in respect of revenue recognition.

2

Page 15

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

- evaluated the design effectiveness of management controls over journals;
- analysed the journals listing and determine the criteria for selecting high risk unusual journals;
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;
- gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Our audit work has not identified any issues in respect of management override of controls.

Significant findings – audit risks

Risks identified in our Audit Plan

Commentary

3

Valuation of land and buildings

The Authority revalue PPE land and buildings on a rolling five-yearly basis, and investment properties every year.

This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus and investment assets) at the financial statements date, where not all assets are valued in the financial year.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk.

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- communicated with the valuer to confirm the basis on which the valuation was carried out;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- tested revaluations made during the year to see if they had been input correctly into the Authority's asset register; and
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Our audit work in this area is ongoing, but has not identified any issues in respect of valuations of the Council's property at the time of writing this report.

Significant findings – audit risks

Risks identified in our Audit Plan

Commentary

4

Valuation of pension fund net liability

The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£41 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Authority's pension fund net liability as a significant risk.

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.

Our work on the assumptions used by the actuary identified that the rate of return on the pension fund's assets for the year differed from that assumed by the actuary. The Council requested that their actuary reperform the actuarial valuation as a result of this, leading to a reduction in gross pension assets of £903k.

The Council have also requested that the actuary give consideration to the liability arising as a result of changes relating to guaranteed minimum pensions (GMP) and a legal ruling around age discrimination (McCloud), which were omitted from the first actuarial valuation. This resulted in increases in gross pension liabilities of £179k and £369k respectively.

The financial statements have been amended for these issues. See page 18 for further detail.

Our audit work in this area is ongoing, but has not identified any other issues in respect of valuation of the Council's net pension liability at the time of writing our report.

Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment																								
<p>Net pension liability</p> <p>Draft: £49.4m</p> <p>Final: £50.9m</p>	<p>The Council's net pension liability at 31 March 2019 is £50.9m (PY £41.9m) comprising obligations under the Staffordshire Pension Fund Local Government pension scheme.</p> <p>The Council uses Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from the schemes.</p> <p>A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2016. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p>	<ul style="list-style-type: none"> We have no concerns over the competence, capabilities and objectivity of the actuary used by the Council. We have used the work of PwC, as auditors expert, to assess the actuary and assumptions made by the actuary. See below for consideration of key assumptions in the Pension Fund valuation: <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary's Value</th> <th>PwC's expected range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.4%</td> <td>2.4% - 2.5%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.5%</td> <td>2.4% - 2.5%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>2.9%</td> <td>scheme-specific</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>24.1 22.1</td> <td>23.7 – 24.4 21.5 – 22.8</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>26.4 24.4</td> <td>26.2 – 26.9 24.1 – 25.1</td> <td>●</td> </tr> </tbody> </table> <ul style="list-style-type: none"> No issues were noted with the completeness and accuracy of the underlying information used to determine the estimate. There have been no changes to the valuation method since the previous year, other than the updating of key assumptions above. We have confirmed that the Council's share of the pension scheme assets is in line with expectations. Disclosure of the estimate in the financial statements is considered adequate. A material adjustment has been made to the financial statements as a result of an incorrect assumption relating to the return on the pension fund's assets and the omission of liabilities (see page 18). 	Assumption	Actuary's Value	PwC's expected range	Assessment	Discount rate	2.4%	2.4% - 2.5%	●	Pension increase rate	2.5%	2.4% - 2.5%	●	Salary growth	2.9%	scheme-specific	●	Life expectancy – Males currently aged 45 / 65	24.1 22.1	23.7 – 24.4 21.5 – 22.8	●	Life expectancy – Females currently aged 45 / 65	26.4 24.4	26.2 – 26.9 24.1 – 25.1	●	<p>●</p>
Assumption	Actuary's Value	PwC's expected range	Assessment																								
Discount rate	2.4%	2.4% - 2.5%	●																								
Pension increase rate	2.5%	2.4% - 2.5%	●																								
Salary growth	2.9%	scheme-specific	●																								
Life expectancy – Males currently aged 45 / 65	24.1 22.1	23.7 – 24.4 21.5 – 22.8	●																								
Life expectancy – Females currently aged 45 / 65	26.4 24.4	26.2 – 26.9 24.1 – 25.1	●																								

Page 18

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key judgements and estimates

Accounting area	Summary of management's policy	Audit Comments	Assessment
Provision for NNDR appeals £1.8m	<p>The Council are responsible for repaying a proportion of successful rateable value appeals. Management use historic data relating to appeal success rates and the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) to calculate the level of provision required.</p>	<ul style="list-style-type: none"> We have not noted any issues with the completeness and accuracy of the underlying information used to determine the estimate. We have considered the approach taken by the Council to determine the provision, and it is in line with that used by other bodies in the sector. Disclosure of the estimate in the financial statements is considered adequate. There have been no changes to the calculation method this year, with the exception of the increase in the Council's share of the liability. 	●
Valuation of Land and Buildings £200.2m	<p>The Council has engaged the Valuers to complete the valuation of its properties. Approximately 85% of the Council's non-dwelling assets were subject to a full, formal valuation process at the balance sheet date, with the remaining 15% last valued on March 2018.</p> <p>The Council owns a number of dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.</p> <p>The valuation of the Council's land and building portfolio has resulted in a net increase of £15.9m.</p> <p>The total year end valuation of land and buildings (including dwellings) was £200.2m, a net increase of £10.2m from 2017/18 (£190.0m).</p>	<ul style="list-style-type: none"> We have not noted any issues with the completeness and accuracy of the underlying information used to determine the estimate. We have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council. There have been no changes to the valuation method this year. We have considered the movements in the valuations of individual assets and their consistency with indices provided by Gerald Eve as our auditor's expert. This work has not raised any issues with the 2018/19 valuations. Disclosure of the estimate in the financial statements is considered adequate. 	●

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key judgements and estimates

Accounting area	Summary of management's policy	Audit Comments	Assessment
Valuation of Investment Properties £22.5m	<p>The Council has a number of assets that it has determined to be investment properties. Investment properties must be included in the balance sheet at fair value (the price that would be received in an orderly transaction between market participants at the measurement date) so these assets are valued every year at 31 March.</p> <p>The Council has engaged the District Valuer to complete the valuation of these properties. The year end valuation of the Council's investment property was £22.5m, a net increase of £0.1m from 2017/18 (£22.4m).</p>	<ul style="list-style-type: none"> We have not noted any issues with the completeness and accuracy of the underlying information used to determine the estimate. We have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council. There have been no changes to the valuation method this year. We have considered the movements in the valuations of individual assets and their consistency with indices provided by Gerald Eve as our auditor's expert. This work has not raised any issues with the 2018/19 valuations. Disclosure of the estimate in the financial statements is considered adequate. 	●
Other accruals and estimates	<p>The Council continues to apply estimates and judgements in a number of areas, such as accruals of income and expenditure.</p>	<ul style="list-style-type: none"> The policies for these items are in line with accounting standards and the requirements of the Code of Practice on Local Authority Accounting. Disclosure of the estimates in the financial statements is considered adequate. As part of our testing, we have reviewed the judgements applied by the Council relating to these items, and significant balances within these have been discussed with management in detail. We have found no material misstatements in the financial statements relating to these balances. 	●

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management’s assessment process

Management’s assessment is that there is no reason to consider the Council is at risk of not being a going concern.

Auditor commentary

We have gained assurance that management’s use of the going concern basis of accounting is reasonable and appropriate. Management’s forward planning process is thorough and transparent.

This determination is made by personnel who are sufficiently senior and experienced.

Work performed

We have:

- Held regular discussions with officers throughout the year; and
- Reviewed the Council’s financial statements and financial forward planning.

The Council’s financial forecasts show that it has sufficient assets available to meet its liabilities for the foreseeable future.

We have considered these forecasts, and the Council’s past performance against its budgets, and have no concerns over the Council’s financial plans.

Concluding comments

We intend to issue an opinion that is not modified in respect of Going Concern.

No events or conditions have been identified in the course of our audit that cast doubt on the entity’s ability to continue as a going concern.

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
① Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee. We have not been made aware of any incidents in the period and no issues have been identified during the course of our audit procedures.
② Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
③ Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
④ Written representations	A standard letter of representation has been requested from the Council, which is included in the Committee papers.
⑤ Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's counterparties. This permission was granted and the requests were sent. Where responses were not received, we undertook alternative procedures to confirm balances with no issues noted.
⑥ Disclosures	Our review found no material omissions in the financial statements.
⑦ Audit evidence and explanations/significant difficulties	All information and explanations requested from management was provided.

Other responsibilities under the Code

Issue	Commentary
① Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, and the Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect (per Appendix C).</p>
② Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters.</p>
③ Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>This work is not required as the Council does not exceed the threshold.</p>
④ Certification of the closure of the audit	<p>We intend to certify the closure of the 2018/19 audit of Tamworth Borough Council in the audit opinion, as detailed in Appendix C.</p>

Value for Money

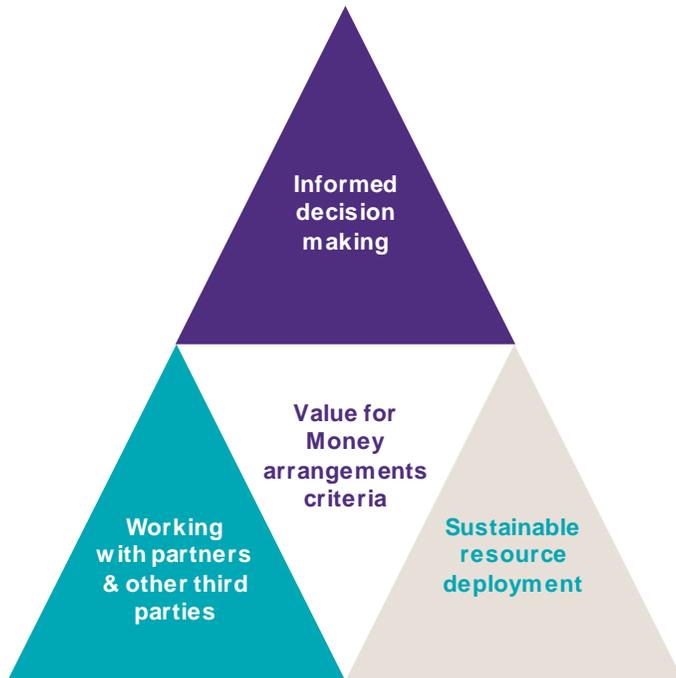
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2017. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below :



Risk assessment

We carried out an initial risk assessment in January 2019 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan in February 2019.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on the next page.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our report, which confirms this can be found at Appendix C.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
<p>Financial sustainability</p> <p>The Council's draft medium term financial strategy shows a significant decline in the available General Fund reserves balance over the next three years.</p> <p>In addition to this, future funding arrangements for local authorities are not known, and the UK's exit from the European Union will potentially have a significant impact.</p>	<p>We have maintained a watching brief on the Council's progress in setting its budget for the 2019/20 year, and the updated medium term financial strategy, and consider the appropriateness of the process followed, including any actions taken to mitigate the Council's risk.</p>	<p>The Council's reporting on its forward planning and budget setting is considered to be transparent, clearly setting out key assumptions and risks.</p> <p>Nothing specific has been incorporated into the Council's planning in relation to the UK's exit from the EU, as the Council's view is that there will be limited impact in the long-term. We do not consider this to be unreasonable.</p> <p>The MTFS includes planned use of General Fund reserves, which would reduce the available balance to £0.5m by the end of 2021/22. The Council acknowledge that this is not sustainable in the long-term.</p> <p>Work is ongoing in a number of areas to address the financial position in future years, notably future options for the Council's commercial investment strategy.</p> <p>We are satisfied that there were no weaknesses in the Council's arrangements to secure Value for Money during the 2018/19 financial year.</p>

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix B

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing Benefits claim	12,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,000 in comparison to the total fee for the audit of £38,375 and in particular relative to Grant Thornton UK LLPs turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level
Non-audit related			
No non-audit related services identified.			

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit and Governance Committee. None of the services provided are subject to contingent fees.

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000
Actuarial Valuations		
As discussed on page 7, our work identified adjustments to the Council's net pension liability as at 31 March 2019.		
Work on the assumptions used by the actuary identified that the actual rate of return on the pension fund's assets for the year differed from that assumed by the actuary.		
In addition, the actuary's initial valuation did not give consideration to the liability arising as a result of changes relating to guaranteed minimum pensions (GMP) and a legal ruling around age discrimination (McCloud).		
The Council instructed their actuary to reperform their valuation as a result of this work, with the revised valuation including liabilities for GMP and McCloud (£179k and £369k respectively), and a lower gross asset position due to a £903k reduction in the assumed return on the Council's share of the pension fund assets.		
The following adjustment has therefore been made to the financial statements:		
Dr Past Service Costs (Cost of Services)	547k	
Dr Interest on Defined Benefit Obligation	7k	
Cr Gross Pension Liability		(554k)
Dr Return on Plan Assets (re-measurement of the net defined benefit liability)	903k	
Cr Gross Pension Assets		(903k)
Total Adjustment	1,457k	(1,457k)

Fees

We set out below our fees for the audit and provision of non-audit services.

Audit Fees

	Proposed fee £	Final fee £
Council Audit	38,375	TBC

We will confirm our final fees at a later date. We may need to consider levying additional fees for unplanned work that we have had to carry out this year.

Fees for other services	Fees £
Certification of Housing Benefits claim	12,000

Audit opinion

We anticipate we will provide the Council with an unmodified audit report

Independent auditor's report to the members of Tamworth Borough Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tamworth Borough Council (the 'Authority') for the year ended 31 March 2019 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Statement of Movement on the HRA Balance, the Collection Fund Income and Expenditure Statement and the notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include the Notes to the Accounts, Notes to the HRA, and Notes to the Collection Fund. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Executive Director Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Director Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Executive Director Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

Audit opinion

- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Executive Director Finance and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 21, 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 Executive Director Finance. The Executive Director Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19, for being satisfied that they give a true and fair view, and for such internal controls as the Executive Director Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director Finance is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Governance Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of Tamworth Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any one other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature and date to be inserted]



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Stefan Garner
Executive Director Finance



My Refer : FAWP144
Your Ref : LG

Grant Thornton UK LLP
The Colmore Building
Colmore Plaza
Birmingham
B4 6AT

25th July 2019

Dear Sirs

Tamworth Borough Council

Financial Statements for the year ended 31st March 2019

This representation letter is provided in connection with the audit of the financial statements of Tamworth Borough Council for the year ended 31st March 2019 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vi. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the Council has been assigned, pledged or mortgaged;
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council financial statements have been amended for these misstatements, misclassifications and disclosure changes.
- xi. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Council financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxv. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 25th July 2019.

Signed on behalf of the Council

Stefan Garner

Executive Director Finance & Section 151 Officer

Councillor Martin Summers

Chair of the Audit & Governance Committee

25th July 2019

AUDIT & GOVERNANCE COMMITTEE

25th July 2019

REPORT OF THE EXECUTIVE DIRECTOR FINANCE

ANNUAL STATEMENT OF ACCOUNTS & REPORT 2018/19

EXEMPT INFORMATION

None

PURPOSE

To approve the Statement of Accounts (the Statement) for the financial year ended 31st March 2019 following completion of the external audit.

RECOMMENDATION

That Members approve the Annual Statement of Accounts 2018/19

EXECUTIVE SUMMARY

Current legislation, detailed in Accounts and Audit (England) Regulations 2015, requires the Council to prepare a Draft Statement of Accounts by 31st May (approved by the Council's Chief Finance Officer - the Executive Director Finance), a Committee of the Council to approve the Statement by 31st July and for the Council to publish the Statement together with the Auditors' opinion by 31st July.

To meet these deadlines, the Finance team planned to bring forward the completion date for the Statutory Accounts – with a target completion date of 24th May 2019. The final draft accounts as signed by the Executive Director Finance, were issued to the External Auditor, the Members of this Committee and published on the Council's website on 23rd May 2019 following a period of quality assurance and due diligence checks – ahead of the target and statutory deadline of 31st May.

As part of the annual audit process for 2018/19, the Council's external auditors, Grant Thornton, have prepared their Audit Findings Report (to be considered separately on this agenda) for consideration prior to issue of their opinion, conclusion & certificate.

It has previously been reported to Members that as a result of the need to close the accounts earlier (and sometimes rely on estimates in doing so) it is more likely that there will be changes required to the draft accounts before they are finalised.

Following identification as part of the audit, a number of amendments to the Draft (as published on the website and circulated to the Audit & Governance Committee on 23rd May 2019) have been discussed & agreed with Grant Thornton.

This included a material amendment relating to the Pension Fund valuation as the actual rate of return on the pension fund's assets for the year differed from that assumed by the actuary. In addition, the actuary's initial valuation did not give consideration to the liability arising as a result of changes relating to guaranteed minimum pensions (GMP) and a legal ruling around age discrimination (McCloud).

The Council instructed the actuary to re-perform the valuation, with the revised valuation including increased liabilities for GMP and McCloud (£179k and £369k respectively), and a lower gross asset position due to a £903k reduction in the assumed return on the Council's share of the pension fund.

The agreed changes have been actioned within the Final Statement of Accounts for 2018/19 as attached at **Appendix 1**. It is important to note that these adjustments have changed the figures within the main financial statements and the associated notes (as well as minor changes to presentational or disclosure issues) but do not have any impact on the reported outturn position and net balances of the General Fund, Housing Revenue Account or Collection Fund – as accounting for the pension fund movements is reversed through the pensions reserve and does not impact on the taxpayer.

Regulations require the Chair of the Audit & Governance Committee meeting to sign and date the Statement of Accounts with the intention that the Chair's signature formally represents the completion of the Council's approval process of the accounts.

RESOURCE IMPLICATIONS

For 2018/19, a revenue budget underspend for the General Fund of £2.3m is reported with a reduction in General Fund closing balances of £0.8m (compared to the budgeted/planned transfer of £3.1m). It should be noted that the Medium Term Financial Strategy, approved in February 2019, identified estimated budgeted General Fund balances of £5.8m (at 1st April 2019) compared to the actual closing balances of £6.1m - additional balances of £0.3m. There has been no material change from the Provisional Outturn / Draft Statement of Accounts.

The main variances for the year include:

- Additional development control income of £138k;
- Additional Benefits grants of £412k;
- Increased levy payment of £210k due to additional Business Rates receipts – offset by returned levy income of £388k and increased section 31 grants of £243k;
- Additional investment interest of £371k due to higher levels of balances and interest rate increases – partially offset by increased interest payable to the HRA of £155k;
- Joint Waste arrangement underspends of c.£237k; and
- Unspent Contingencies of £192k.

The Housing Revenue Account reports an underspend of £1.5m with a reduction in Housing Revenue Account closing balances of £2.3m. For the HRA balances of £3.6m were forecast at 1st April 2019 compared to the actual closing balances of £4.5m - additional balances of £0.9m. There has been no material change from the Provisional Outturn / Draft Statement of Accounts.

The main variances for the year include increased interest payable to the HRA of £155k (due to higher levels of balances and interest rates), higher rent levels (£181k) due to a robust collection performance by the income team (which also means the provision for bad debts arising from welfare benefit reform is forecast to be underspent by £42k - while awaiting the full impact of Universal Credit to be rolled out) together with an underspend on repairs of £0.7m.

The outturn for the 2018/19 capital programme identifies an underspend of £40.5m against the approved budget of £60.3m (actual spend £19.8m - no change since Provisional Outturn / Draft Statement of Accounts).

However, it has been approved that £40.3m of scheme spend be re-profiled into 2019/20. This will result in an overall underspend of £0.2m for the 2018/19 capital programme.

LEGAL / RISK IMPLICATIONS

Current legislation, detailed in Accounts and Audit (England) Regulations 2015, requires the draft statement of accounts to be prepared by 31st May 2019 and for a Committee of the Council to approve the audited Statement and for the Council to publish the Statement together with the Auditors' opinion by 31st July 2019.

CONCLUSIONS

Following consideration of the External Auditors Audit Findings Report and the approval of the Annual Statement of Accounts, the Chair's signature formally represents the successful completion of the Council's approval process of the accounts for 2018/19.

REPORT AUTHOR

Stefan Garner, Executive Director Finance

LIST OF BACKGROUND PAPERS

Capital Outturn Report 2018/19 - Cabinet, 13th June 2019
Performance Healthcheck (including Provisional Outturn Report 2018/19) –
Corporate Scrutiny Committee, 12th June 2019 and Cabinet, 2nd July 2019

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Tamworth Borough Council

Statement of Accounts 2018/19



Tamworth
Borough Council

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STATEMENT OF ACCOUNTS

2018/19

Contents

	Page Number
The Narrative Report	2
The Statement of Responsibilities	21
The Core Financial Statements	
Comprehensive Income and Expenditure Statement	22
Movement in Reserves Statement	24
Balance Sheet	27
Cash Flow Statement	29
Notes to the Core Financial Statements	30
Approval of Accounts	121
The Supplementary Financial Statements	
Housing Revenue Account (HRA) – Income and Expenditure Statement	122
Statement of Movement on Housing Revenue Account Balance	123
Notes to the Housing Revenue Account	124
Collection Fund – Income and Expenditure Statement	129
Notes to the Collection Fund	131
Annual Governance Statement	134
Glossary	154
Appendix to the Comprehensive Income and Expenditure Statement	160
Independent Auditor's Report to the Members of Tamworth Borough Council (to be included following audit)	162

THE NARRATIVE REPORT

The aim of this Narrative Report is to provide a context to the accounts by presenting a clear and simple summary of the Authority's financial position and performance for the year and its prospects for future years.

The statement of accounts presents the financial position and performance of the Authority for the year ended 31st March 2019. This narrative report describes the nature and purpose of each of the statements which follow and highlights the most significant matters which are contained within the accounts and the major influences affecting the Authority's income, expenditure and cash flows.

THE FINANCIAL STATEMENTS

The Annual Statement of Accounts for the year ended 31st March 2019 has been prepared in accordance with the guidelines contained within the latest Code of Practice on Local Authority Accounting in the United Kingdom for 2018/19.

The Code is based on International Financial Reporting Standards (IFRS), and has been developed by the CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board overseen by the Financial Reporting Advisory Board.

The Authority's accounts for 2018/19 are set out on pages 22 to 133 and consist of the following:

Core Financial Statements:

- **Comprehensive Income and Expenditure Account (CIES):** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The net effect to the Council taxpayer is shown in the Movement in Reserves Statement. There have been changes to the content of the CIES this year and a prior period adjustment has been applied in order to comply with the Code.

A surplus of £6.6m is reported for 2018/19 (£15.7m surplus 2017/18). This is mainly explained by a £9.1m gain on Revaluation of Property, Plant and Equipment Assets as well as a surplus on the provision of services of £3.2m.

It also included a re-measurement of the Net Defined Benefit Liability relating to the pension fund which resulted in a deficit of £5.7m (a surplus of £2.1m was reported in 2017/18) resulting mainly from financial assumption changes.

- **Movement in Reserves Statement:** shows the movement in the year on the different reserves held by the Authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Movement in Reserves Statement shows a net General Fund deficit of £0.8m for the year. This equates to a favourable variance of £2.3m compared to the planned transfer from balances in the original budget at the start of the year of £3.1m and has resulted in General Fund Balances of £6.1m (£6.9m – 2017/18). Earmarked General Fund Reserves have increased by £2.1m to £8.0m resulting in total General Fund Reserves of £14.1m (£12.8m – 2017/18) and reflect the risks and uncertainties facing the Authority over the medium term.

- **Balance Sheet:** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are £191.1m (£184.4m 2017/18) which are matched by the reserves held by the Authority.

Key items are:

Long Term Assets

The Authority holds property, plant and equipment assets of £210.2m (£193.5m 2017/18) – mainly due to Council dwellings of £178.0m (£171.8m 2017/18).

Working Capital

Net working capital has reduced to £53.7m (£58.7m 2017/18) mainly due to the receipt of £8.0m during 2018/19 under the deferred payment arrangement relating to the income from the sale of the former Golf Course (previously a short term debtor).

Provisions, Usable Reserves and Balances

The working balances as at 31st March 2019 are £60.2m (£59.0m 2017/18) and comprise provisions, earmarked reserves, revenue balances and the unused element of capital receipts.

31st March 2018 £000	Provisions, Usable Reserves and Balances	31st March 2019 £000
1,545	Provisions	1,815
21,460	Earmarked Reserves	24,411
13,742	Revenue Balances	10,598
22,301	Unused Capital Receipts & Grants	23,409
59,048	Total Working Balances	60,233

Working balances of £41.1m (£37.8m 2017/18) relate to capital (including the Capital Reserve of £14.7m). Deferred capital expenditure of £40.3m from 2018/19 and previous years carried forward to 2019/20 will be financed in part from these balances (£27.3m 2017/18).

Borrowing Facilities

The Authority 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 - PWLB) and from the commercial money market (banks, building societies and other lenders). The Authority's debt at 31st March 2019 was £63.1m (£63.1m 2017/18) and was all borrowed from the PWLB.

Pensions

The pension fund deficit has increased in the year to £50.9m (£41.9m 2017/18) and is required to be shown on the Balance Sheet of the Authority.

This is due to corporate bond yields being lower at 31st March 2019 than 31st March 2018 which serves to increase the value placed on the obligations which have increased by £14m since 2017/18. This has been partially offset by investment returns being greater than the 31st March 2018 discount rate with an associated improvement in asset levels since 2017/18 of £5.6m.

It should be noted that there has been no impact on the net cost to the taxpayer arising from this - other than as part of the planned increase in annual contributions (an ongoing annual contribution of 16.5% p.a. plus an increasing lump sum element) arising from the formal valuation on 31st March 2016 (following the triennial review).

- **Cash Flow Statement:** shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

▪ **Supplementary Statements:**

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

The overall revenue financial position relating to Council Housing as given on page 123 shows a reduction in HRA balances for the year of £2.3m (£0.5m increase in 2017/18).

This equates to an underspend of £1.5m when compared to the approved budget for the year. This has resulted in a reduction in balances from £6.8m to £4.5m to be carried forward to 2019/20. Earmarked HRA Reserves have increased by £1.4m (£0.1m – 2017/18) to £13.5m resulting in total HRA Reserves of £18m (£18.9m – 2017/18).

- **The Collection Fund:** shows the Council Tax income collected on behalf of Staffordshire County Council, the Office of the Police and Crime Commissioner (OPCC), the Stoke on Trent and Staffordshire Fire and Rescue Authority and this Authority's General Fund.

The fund also includes Non Domestic Rates income under the Business Rates Retention Scheme.

The Collection Fund, subject to collection of outstanding arrears, achieved the following:

- Council Tax – surplus of £1.4m (£1.5m – 2017/18, the Authority's share is 10%), of which £0.6m (£0.8m – 2017/18) will be distributed to preceptors during 2019/20;
- NNDR – surplus of £2.3m (£0.7m surplus in 2017/18) of which the Authority's share is 40%.

The surplus relating to the NNDR collection fund includes an increased provision of £4.5m, (£3.8m – 2017/18) with £1.8m being the Authority's share (£1.5m – 2017/18), for appeals outstanding on the 31st March 2019 of £101.4m (£109.4m – 2017/18).

This will mean that the surplus will be £0.9m (share for this Authority) for 2018/19 compared to a surplus of £0.8m included within the 2019/20 budget.

These accounting statements are supported by appropriate notes to the accounts and the General Accounting Policies. For 2018/19, the notes to support the primary statements include the relevant accounting policies as well as further detail regarding individual transactions.

CHANGES TO THE ACCOUNTS 2018/19

An updated Code of Practice, applicable for 2018/19 was issued by CIPFA in March 2018.

Changes reflected in the 2018/19 updated Code do, on the whole, have to be incorporated into the Authority's accounts but do not necessarily impact on the Authority's accounting policies. This is because the changes are principally around additional or changed disclosure notes, points of clarification and additional guidance etc.

The key accounting changes applicable to the Authority in the 2018/19 edition of the Code include:

- a) additional guidance on the principles of revenue recognition in section 2.1 (Concepts);
- b) a completely revised section 2.7 (Revenue from Contracts with Service Recipients) following the adoption of IFRS 15 Revenue from Contracts with Customers;
- c) amendments to section 3.4 (Presentation of Financial Statements) to reflect the disclosure requirements under IAS 7 Statement of Cash Flows (Disclosure Initiative);
- d) an augmented section 3.4 to clarify the reporting requirements for debtors and creditors following removal of the disclosure requirements for the analysis of debtors and creditors across public sector organisations;
- e) amendments to section 3.4 to clarify the segmental reporting arrangements under the Code;
- f) amendments to section 4.1 (Property, Plant and Equipment) to reflect changes as a result of The Item 8 Credit and Item 8 Debit (General) Determination from 1 April 2017;
- g) amendments to the new section 5.2 of the Code to introduce the incurred loss model for the impairment of non-contractual debts including relevant disclosure requirements as a consequence of the expected credit loss model for impairment being introduced by the adoption of IFRS 9
- h) amendments to section 5.2 (Debtors) to remove the requirement to disclose the analysis of debtors across public sector bodies – note this has been replaced in section 5.2 with a reminder of the reporting requirements for these balances in paragraph 3.4.2.63;
- i) a fully revised chapter seven (Financial Instruments) to reflect the Code's adoption of IFRS 9 Financial Instruments.
- j) amendments to section 8.1 (Creditors) to remove the requirement to disclose the analysis of creditors across public sector bodies – note this has been replaced in section 8.1 with a reminder of the reporting requirements for these balances in paragraph 3.4.2.63.

The major change for 2018/19 is the implementation of IFRS 9 Financial Instruments. This has seen a significant change to the way investments are categorised and an enhanced disclosure requirement to Note 17 is included in the Council's accounts. With the adoption of IFRS 9, the new standard sets out that revenue investments in pooled funds should be recognised as fair value through profit and loss. This would mean that any changes in valuation would impact the Council's revenue budget. However, MHCLG has agreed a temporary override for English Local Authorities for a five year period starting on 1st April 2018.

The Council invested in 2 pooled property funds during 2018/19. The Council does not need to use the statutory override to account for the any changes in the fair value on its pooled investments as they meet the definition of capital expenditure and therefore the change in value will be offset through the Capital Adjustment Account. Further details on the impact of the IFRS 9 is disclosed in Note 40.

FINANCIAL OUTLOOK

The medium term financial planning process is being challenged by Government austerity measures as well as continued uncertainty. The accomplishment of a balanced 3 Year Medium Term Financial Strategy for the General Fund is a major achievement as the Council, like others, has planned to deliver its budget process in light of unprecedented adverse economic conditions with a great deal of uncertainty over future investment and income levels such as car parking, land charges and corporate property rents.

There is also a high degree of uncertainty arising from the work progressing with regard to business rates retention (and the associated impact on the Council's business rates income and associated baseline and tariff levels), the 'Fair Funding Review' as well as the planned Business Rates Reset which will also take effect from 2020/21.

The Council is responding to these challenges by considering the opportunities to grow our income. We are ambitious with our commercial view and will continue to work hard to identify income streams that enable us to continue to meet the needs of our residents.

More than ever, we recognise that our financial capacity will be less than in previous years which means that we will need to maintain our approach to innovation, collaboration and transformation. So, not only will the Council seek investment from businesses and developers, but the Council itself will explore viable and sustainable investment opportunities using all returns to support public services.

We continue to invest in our teams, transform our processes and ensure our technology infrastructure is fit for purpose. We have identified a number of opportunities to improve customer access to information and services as well as our engagement with our citizens and the way in which we manage our data and information.

Despite the impact of continuing austerity and significant reductions in Government funding, Tamworth Borough Council has, in the main, continued to sustain a full suite of essential services, and has recorded one of its most successful periods in terms of customer satisfaction; measured performance; project delivery and financial management.

The adoption of a Demand Management operating model was approved by Cabinet in February 2015. This signifies a shift away from trying to sustain a full suite of services at high standards with continuing budget reductions, to understanding the needs of our customers and working with them to co-design how we meet those demands. It will also involve the application of existing and new technology to capture, collate and analyse customer insight, intelligence and data so as to understand not just the 'need' but the cause, behaviours or decisions creating the need.

Linked with this, a major 'Delivering Quality Services' project will incorporate a review of processes and demand, with the aim of re-designing processes to meet changing customer expectations and making the best use of technology to deliver efficient and effective services to the customer, including self-service and digital functionality.

Work is continuing on a number of actions to address the financial position in future years:

- Recruitment freeze – there is a robust challenge / re-justification process in place for all vacant posts with a requirement to investigate alternative options including restructuring to fill vacancies / looking at what we can stop doing;
- Spend freeze –A review of the underspend position has been undertaken with a view to drive out as many savings as possible – and has identified annual savings of c.£450k p.a. from 2019/20;
- Alternative investment options arising from the Commercial Investment Strategy (as well as the Treasury Management Investment Strategy) to generate improved returns of c. 4% to 5% p.a. (plus asset growth);
- Review of reserves (including ensuring adequate provision for the funding uncertainties) / creation of fund for transformation costs (if needed);
- Targeted Savings – to identify potential areas for review in future years; and
- Review and rationalisation of IT systems.

Council, on 26th February 2019, approved a 3 year MTFS for the General Fund with a Council Tax increase within the Government referendum limits – in order to continue to deliver those services essential to the Local Community. Challenging savings targets have been included which need to be achieved over the next 3 years. However, in the longer term, the Authority faces on-going grant reductions and income uncertainties which mean that substantial additional savings and additional income will need to be made into the future to deliver a balanced budget in the longer term.

With regard to the Housing Revenue Account, a 5 year MTFS was approved by Council, despite significant funding reductions over the 4 years from 2016/17, given the Government requirement for Authorities to reduce social housing rents by 1% per annum, including significant investment in Regeneration projects to meet future housing needs and sustain the HRA in the longer term.

Review of Senior Management Arrangements

During the year the Authority undertook a review to ensure that the senior management in the Authority is able to meet our future challenges, is sustainable through a period of significant on-going change, to meet financial challenges and to ensure we deliver outcomes for customers, residents and communities. This meant that a reduction in the number of senior managers in the organisation who were offered the option to explore voluntary redundancy in order to meet planned budget savings and contribute towards meeting the future budget deficit.

Following the implementation of the senior management structure, it was evident that further organisational change would be necessary in order to align the Council's overall staffing structure. In addition, this provided an opportunity to ensure that the Council's team structure supports the achievement of corporate objectives and service delivery requirements. The review directly impacted on over 180 employees in varying degrees and, following a consultation period, was implemented with effect from 1st April 2019.

FINANCIAL PERFORMANCE

General Fund

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

General Fund	Actual £000	Approved Budget £000	Variance £000
(Surplus) or Deficit for the Year	7,998	10,270	(2,272)

The net expenditure of the Authority was £8.0m, representing an underspend of £2.3m. Major differences between the budget and the outturn are as follows:-

Variance between Budget & Actual Outturn	£000	£000
Increased / Non-Budgeted Income*		
Development Control - Planning Fee income	(138)	
Benefits Grants	(302)	
Benefits Administration Grants	(110)	
Business Rates - Returned Levy income	(388)	
Business Rates - Section 31 grant income	(243)	
External Interest receivable	(371)	(1,552)
Shortfalls in Income		
Non-Budgeted Expenditure / Overspends		
Interest Payable to HRA	155	
Business Rates Levy	210	365
Savings / Underspends		
Corporate Finance - unspent contingencies	(192)	
Joint Waste Arrangement	(237)	(429)
Other Variances - Net (Underspends) / Overspends		(656)
Total (Favourable) / Unfavourable Variance		(2,272)

It should be noted that the majority of the significant underspends were outside of the Authority's control and could not have been projected when the 2018/19 budgets were set in February 2018. The outturn figures include significant windfall items highlighted in the table above (*).

Council Housing

A summary of the Housing Revenue Account for 2018/19, compared with the approved budget (including decisions made by Members during the financial year) is shown below:-

Housing Revenue Account	Actual £000	Approved Budget £000	Variance £000
(Surplus) or Deficit for the Year	2,339	3,806	(1,467)

The net cost of the HRA was £2.3m, representing an underspend of £1.5m. Major differences between the budget and the outturn are as follows:-

Variance between Budget & Actual Outturn	£000	£000
Increased / Non-Budgeted Income		
External Interest Payable (item 8 DR)	(155)	
Council House Rent income	(181)	(336)
Savings / Underspends		
Housing Repairs	(705)	
Unspent Contingency Budget	(118)	
Provision for Bad Debts	(42)	(865)
Other Variances - Net (Underspends) / Overspends		(266)
Total (Favourable) / Unfavourable Variance		(1,467)

Capital Expenditure

During 2018/19 the Authority spent £24m on capital expenditure (£9.3m in 2017/18). A breakdown by category and sources of finance is shown as Note 34 to the Core Financial Statements on page 96.

The majority of expenditure is related to improvement, enhancement or ongoing construction works:

Capital Scheme	£m
Housing Capital Programme	
Enhancements to Council Dwellings	2.8
Improvements to High Rise flats	1.4
Regeneration of Tinkers Green and Kerria	6.6
Acquisition of Council Dwellings	1.6
General Fund Services	
Purchase of Town Centre site at Gungate	3.3
Assembly Rooms extension and refurbishment	2.2
Investment in Pooled Property Funds	3.9

A total of £40.3m spending originally planned for 2018/19, or earlier, has been deferred to 2019/20 (£27.3m in the previous year). Included within this deferred expenditure:

Deferred Capital Expenditure	£000	£000
Housing Capital Programme		
Regeneration of Housing Estates	17,514	
Improvements to High Rise flats	3,329	
Acquisitions of dwellings	946	
Enhancement works on HRA dwellings	565	22,354
General Fund Services		
Development of Gungate Site	730	
Investment in Property Funds	8,131	
Solway (Tamworth) Ltd – Trading Company	4,000	
Assembly Rooms Development	2,053	
Mercian Trail	576	
Amington Community Woodland and Cycleway	502	
3G Sports Facility	310	
Contingencies	595	
Other Capital Schemes	1,032	17,929
Total		40,283

During the year, the Authority disposed of land and property with capital receipts totalling £9.7m, of which:

- £1.8m related to the disposal of 28 Council Dwellings through Right to Buy sales; and
- the final instalment of £8m (including interest due to the deferred payment arrangement) relating to the sale of the Golf Course was also received.

NON-FINANCIAL PERFORMANCE

In March 2017 Cabinet adopted the Council's Corporate Plan for the period 2017 to 2020. The focus of that document was upon how the Council will use its Corporate Plan, Medium Term Financial Strategy and agreed priorities and objectives to achieve its ambition to shift from a surviving organisation with efficiency as the key driver to that of a thriving organisation with long term sustainability as the ultimate aim.

The plan set our direction and priorities for the 3 year period with an update approved by Cabinet in March 2018. While progress against the thematic priorities adopted by the Authority has been considerable, the outcome from the review of evidence clearly indicated that these priorities are still at the forefront of our plans and ambitions for 'people', 'place' and 'organisation'. As a result, the three thematic priorities again formed the basis of the Authority's strategic framework and specific ambitions. It is these specific ambitions that serve to place the thematic priorities into context by setting out the Authority's expectations for the plan period.

Living a quality life in Tamworth

and

Growing stronger together in Tamworth

by

Delivering quality services in Tamworth

The Vision for Tamworth is underpinned by high level, evidence based priorities that focus upon both Tamworth (the place), the communities served (the people) as well as the Council (the organisation).

However, it became evident that the plans, processes and strategies that have guided the organisation to date required a review and refresh if elected members are to respond to the demands from local people.

More than ever, we recognise that our financial capacity will be less than in previous years which means that we will need to maintain our approach to innovation, collaboration and transformation. So, not only will the Council seek investment from businesses and developers, but the Council itself will explore viable and sustainable investment opportunities using all returns to support public services. A revised Vision, Strategic Priorities and Corporate Plan for the 3 years from 2019-2022 was approved by Council in February 2019.

TAMWORTH BOROUGH COUNCIL: VISION

To put Tamworth, its people and the local economy at the heart of everything we do

OUR STRATEGIC PRIORITIES FOR 2019-2022

People and Place	Organisation
<p>Page 59</p> <ul style="list-style-type: none"> To meet housing needs through a variety of approaches and interventions To facilitate sustainable growth and economic prosperity To work collaboratively and flexibly to meet the needs of our communities 4. To create a new and developing vision for the continued evolution of Tamworth, including a Town Centre fit for the 21st century 	<ul style="list-style-type: none"> 1. To be financially stable 2. To ensure our employees have the right skills and culture to help our residents, visitors and businesses 3. To ensure our service delivery is consistent, clear, and focused 4. To ensure our decisions are driven by evidence and knowledge

Further details on the Authority’s Key Performance Indicators for 2018/19 (and previous years) together with our vision and priorities for Tamworth, our values along with our performance are set out in **our Corporate Plan** which sets out our plans and priorities for the coming year, and is available from the Authority’s website:

<http://www.tamworth.gov.uk/performance>

Shown below, against our objectives, are some of our achievements in 2018/19. All that has been achieved is not included but we have identified those achievements which we feel will be of most community interest due to their impact and benefits.

HIGH LEVEL CORPORATE PLAN PROJECTS/PROGRAMMES

An overview of the 2017 to 2020 High Level Corporate Plan Projects/Programmes is shown below.

2017 to 2019 High Level Corporate Plan Projects/Programmes



Corporate Priority
1. Living a quality life in Tamworth

Corporate Project/Programme	Status
Maintain & Manage the environment within Tamworth	
Delivery of the Community Safety Partnership	
Delivery of an effective regulatory service	

Corporate Priority
2. Growing strong together in Tamworth

Corporate Project/Programme	Status
Growth & Regeneration in Tamworth	
Tinkers Green & Kerria Regeneration	
Garage sites redevelopment	
New Repairs Contract	
Business Rates Retention	

Corporate Project/Programme	Status
Commercial opportunities in business decision making	
Heritage, leisure & events	

Corporate Priority
3. Delivering quality services in Tamworth

Corporate Project/Programme	Status
Organisational well-being	
Digital Customer Services	
Corporate Knowledge Hub	
New General Data Protection Regulations	
Office 365	
Enablement of Self-Service	

Page 58

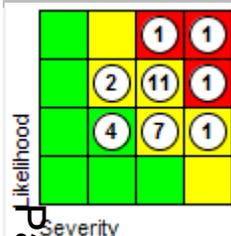
Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

CORPORATE RISK REGISTER

The Authority's Corporate risks for 2018/19 are outlined below.

2018/19 Corporate Risk Register

Corporate Risk Register - Heat Map



Page 59

Title	Description
Finance	To ensure that the Council is financially sustainable as an organisation

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Funding gaps	29-Mar-2019	3	3	9	
Business Rates Retention	29-Mar-2019	3	3	9	
New Homes Bonus	29-Mar-2019	3	2	6	
Brexit	28-Mar-2019	3	4	12	
Welfare and Benefit Reform	29-Mar-2019	3	3	9	
Failure to manage budgets	29-Mar-2019	3	2	6	

Title	Description
Modernisation & Commercialisation Agenda	Develop and implement continuous improvement and develop employees to perform the right work

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Contract Management & Procurement	29-Mar-2019	2	2	4	
Management of Assets	29-Mar-2019	2	2	4	
New Revenue Streams	29-Mar-2019	3	3	9	
Workforce Planning Challenges	28-Mar-2019	3	2	6	
Continuous Improvement	28-Mar-2019	2	2	4	
Partnerships fail	28-Mar-2019	3	2	6	

Title	Description
Governance	Ensure that processes, policies and procedures are in place and the authority is held to account

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Democratic Process	28-Mar-2019	3	3	9	
Assurance Process	28-Mar-2019	2	3	6	
Legislation	28-Mar-2019	3	2	6	
Policies & Procedures	28-Mar-2019	3	2	6	
Ethics	28-Mar-2019	2	2	4	

Title	Description
Community Focus	To ensure the safety, health and wellbeing of the citizens of the borough

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Community Cohesion & Engagement	28-Mar-2019	3	3	9	
Safeguarding Children & Adults (including Modern Slavery)	28-Mar-2019	2	3	6	
Emergency Planning	28-Mar-2019	3	2	6	

Title	Description
Economic Growth & Sustainability	To ensure that the economic growth and sustainability of the borough is maintained

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Regeneration	28-Mar-2019	3	3	9	
Housing Needs	27-Mar-2019	3	3	9	
Economic Changes	28-Mar-2019	3	3	9	
Demographics	28-Mar-2019	3	3	9	

Title	Description
Information Safeguarding	To ensure that our data is protected

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Data Protection	28-Mar-2019	4	3	12	
Cyber Security	28-Mar-2019	4	2	8	
Business Continuity	28-Mar-2019	3	3	9	

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Brexit	28-Mar-2019	4	4	16	

Risk Status	
	High Risk
	Medium Risk
	Low Risk

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

Telephone : 01827 709242.

Email: stefan-garner@tamworth.gov.uk

This is part of the Authority's policy of providing full information about the Authority'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 on the Authority's website at www.tamworth.gov.uk

The information in this document may be made available in other selected languages. Copies may be made available on tape, in Braille or large print.

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 Executive Director Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Executive Director Finances' Responsibilities

The Executive Director 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 Code).

In preparing this Statement of Accounts, the Executive Director 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 Code.

The Executive Director Finance has also:

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

This Statement of Accounts gives a true and fair view of the financial position of Tamworth Borough Council and its expenditure and income for the year ended 31st March 2019.

Stefan Garner CPFA
Executive Director Finance

Dated: 25th July 2019

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Executive Director Finance.

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The table at Note 41 shows how the net expenditure and income for 2017/18 has been restated following the Senior Management Restructure.

A breakdown of the individual services contained within the CIES headings are detailed within the Appendix to the CIES on page 160.

	2017/18			Comprehensive Income & Expenditure Statement	Notes	2018/19		
	Gross Expenditure Restated £000	Gross Income Restated £000	Net Expenditure Restated £000			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
	2,454	(963)	1,491	Chief Executive		2,127	(849)	1,278
	2,133	(990)	1,143	Assistant Director Growth and Regeneration		1,995	(975)	1,020
	734	(287)	447	Executive Director Organisation (GF)		824	(251)	573
	2,834	(1,039)	1,795	Assistant Director People		2,809	(1,039)	1,770
	5,218	(2,115)	3,103	Assistant Director Operations and Leisure (GF)		6,685	(3,592)	3,093
	131	(36)	95	Executive Director Finance		308	(60)	248
	21,859	(20,600)	1,259	Assistant Director Finance		19,350	(17,737)	1,613
	948	(373)	575	Assistant Director Assets (GF)		743	(459)	284
	1,789	(580)	1,209	Assistant Director Neighbourhoods (GF)		1,584	(392)	1,192
	2,109	(354)	1,755	Assistant Director Partnerships		2,346	(449)	1,897
	7,404	(18,406)	(11,002)	HRA Summary		7,974	(18,267)	(10,293)
	541	-	541	Assistant Director Operations and Leisure (HRA)		538	-	538
	631	(292)	339	Assistant Director Assets (HRA)		702	(314)	388
	4,929	(1,333)	3,596	Assistant Director Neighbourhoods (HRA)		5,087	(1,378)	3,709
	2,721	(23)	2,698	Housing Repairs		3,810	(36)	3,774
	56,435	(47,391)	9,044	Cost of Services	7	56,882	(45,798)	11,084
			(266)	Other Operating Expenditure	11			(165)
			806	Financing and Investment Income and Expenditure (FIIE)	12			833
			(9,736)	Taxation and Non Specific Grant Income	13			(14,975)
		(152)		(Surplus) or Deficit on Provision of Services	7			(3,223)
		(13,467)		(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	23a			(9,102)
		(2,070)		Re-measurement of the Net Defined Benefit Liability	23c			5,676
		(15,537)		Other Comprehensive Income and Expenditure				(3,426)
		(15,689)		Total Comprehensive Income and Expenditure				(6,649)

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net (Increase) / Decrease before Transfers to earmarked reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

The reserve movements for 2017/18 and 2018/19 are shown on the following pages.

**Movement in Reserves Statement
2017/18**

Balance as at 1st April 2017

Movement in Reserves during 2017/18

Surplus or (Deficit) on the Provision of Services
Other Comprehensive Income and Expenditure

**Total Comprehensive Income and
Expenditure**

Adjustments between Accounting Basis and
Funding Basis Under Regulations (Note 9)

**Net (Increase) / Decrease before transfers to
Earmarked Reserves**

Transfers to / (from) Earmarked Reserves (Note
10)

Increase / (Decrease) in 2017/18

Balance as at 31st March 2018

General Fund Balance	Earmarked Reserves	Total General Fund Balances	Housing Revenue Account	Earmarked HRA Reserves	Total HRA Balances	Capital Receipts Reserve	Major Repairs Reserve Note HRA3	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
6,588	5,725	12,313	6,353	11,992	18,345	12,609	2,521	48	45,836	122,889	168,725
(1,801)	-	(1,801)	1,953	-	1,953	-	-	-	152	-	152
-	-	-	-	-	-	-	-	-	-	15,537	15,537
(1,801)	-	(1,801)	1,953	-	1,953	-	-	-	152	15,537	15,689
2,294	-	2,294	(1,379)	-	(1,379)	9,644	956	-	11,515	(11,515)	-
493	-	493	574	-	574	9,644	956	-	11,667	4,022	15,689
(163)	163	-	(103)	103	-	-	-	-	-	-	-
330	163	493	471	103	574	9,644	956	-	11,667	4,022	15,689
6,918	5,888	12,806	6,824	12,095	18,919	22,253	3,477	48	57,503	126,911	184,414

**Movement in Reserves Statement
2018/19**

	General Fund Balance	Earmarked Reserves	Total General Fund Balances	Housing Revenue Account	Earmarked HRA Reserves	Total HRA Balances	Capital Receipts Reserve	Major Repairs Reserve Note HRA3	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1st April 2018	6,918	5,888	12,806	6,824	12,095	18,919	22,253	3,477	48	57,503	126,911	184,414
Movement in Reserves during 2018/19												
Surplus or (Deficit) on the Provision of Services	(547)	-	(547)	3,770	-	3,770	-	-	-	3,223	-	3,223
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	3,426	3,426
Total Comprehensive Income and Expenditure	(547)	-	(547)	3,770	-	3,770	-	-	-	3,223	3,426	6,649
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 9)	1,805	-	1,805	(4,705)	-	(4,705)	1,108	(516)	-	(2,308)	2,308	-
Net (Increase) / Decrease before transfers to Earmarked Reserves	1,258	-	1,258	(935)	-	(935)	1,108	(516)	-	915	5,734	6,649
Transfers to / (from) Earmarked Reserves (Note 10)	(2,063)	2,063	-	(1,404)	1,404	-	-	-	-	-	-	-
Increase / (Decrease) in 2018/19	(805)	2,063	1,258	(2,339)	1,404	(935)	1,108	(516)	-	915	5,734	6,649
Balance as at 31st March 2019	6,113	7,951	14,064	4,485	13,499	17,984	23,361	2,961	48	58,418	132,645	191,063

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The Net Assets of the Authority (assets less liabilities) are matched by the Reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31st March 2018 £000	Balance Sheet	Notes	31st March 2019 £000
193,491	Property, Plant & Equipment	14	210,194
2,865	Heritage Assets	15	3,060
22,385	Investment Property	16	22,488
198	Intangible Assets		244
-	Long Term Investments	17	3,820
12,787	Long Term Debtors	17	12,830
231,726	Long Term Assets		252,636
51,128	Short Term Investments	17	60,216
21	Inventories		34
11,237	Short Term Debtors	18	3,281
9,775	Cash & Cash Equivalents	19	4,921
72,161	Current Assets		68,452
(1,357)	Cash & Cash Equivalents	19	(878)
(311)	Short Term Borrowing	17	(311)
(11,150)	Short Term Creditors	21	(13,044)
(692)	Provisions	22	(532)
(13,510)	Current Liabilities		(14,765)
(853)	Provisions	22	(1,283)
(63,060)	Long Term Borrowing	17	(63,060)
(41,873)	Other Long Term Liabilities	23c/38	(50,861)
(134)	Capital Grants Receipts in Advance	32	(26)
(43)	Revenue Grants Receipts in Advance		(30)
(105,963)	Long Term Liabilities		(115,260)
184,414	Net Assets		191,063
57,503	Usable Reserves		58,418
126,911	Unusable Reserves	23	132,645
184,414	Total Reserves		191,063

The audited accounts were approved on 25th July 2019 by the Audit and Governance Committee.

Stefan Garner CPFA
Executive Director Finance

Dated: 25th July 2019

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Executive Director Finance.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2017/18 £000	Cashflow Statement	Notes	2018/19 £000
(152)	Net (Surplus) or Deficit on the Provision of Services		(3,223)
(9,298)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for non-cash movements		(15,945)
3,953	Adjustments for items included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities		9,050
(5,497)	Net cash flows from Operating Activities (Surplus)/Deficit	24	(10,118)
4,379	Investing Activities	25	15,859
(100)	Financing Activities	26	(1,366)
(1,218)	Net (increase) or decrease in Cash and Cash Equivalents		4,375
7,200	Cash and Cash Equivalents at the beginning of the reporting period		8,418
8,418	Cash and & Cash Equivalents at 31st March 2019	19	4,043

Notes to the Core Financial Statements – Summary		Page
Note 1	Accounting Policies	31
Note 2	Accounting Standards that have been issued but have not yet been adopted	35
Note 3	Critical Judgements in Applying Accounting Policies	36
Note 4	Assumptions made about the future & other major sources of estimation uncertainty	37
Note 5	Material Items of Income and Expense	38
Note 6	Events after the Reporting date	39
Note 7	Expenditure and Funding Analysis and Adjustment Detail	39
Note 8	Expenditure and Income Analysed by Nature	43
Note 9	Adjustments between Accounting Basis & Funding Basis Under Regulations	43
Note 10	Transfers to / (from) Earmarked Reserves	48
Note 11	Other Operating Expenditure	50
Note 12	Financing & Investment Income & Expenditure	50
Note 13	Taxation & Non-specific Grant Incomes	50
Note 14	Property, Plant & Equipment	51
Note 15	Heritage Assets	61
Note 16	Investment Properties	63
Note 17	Financial Instruments	65
Note 18	Debtors	73
Note 19	Cash & Cash Equivalents	74
Note 20	Assets Held for Sale	74
Note 21	Creditors	75
Note 22	Provisions	75
Note 23	Unusable Reserves	77
Note 24	Cash Flow Statement - Operating Activities	83
Note 25	Cash Flow Statement - Investing Activities	84
Note 26	Cash Flow Statement - Financing Activities	84
Note 27	Acquired & Discontinued Operations	84
Note 28	Trading Operations	85
Note 29	Members' Allowances	85
Note 30	Officers' Remuneration	85
Note 31	External Audit Costs	90
Note 32	Government Grants and Contributions	90
Note 33	Related Parties	93
Note 34	Capital Expenditure & Financing	96
Note 35	Leases	97
Note 36	Impairment Losses	100
Note 37	Termination Benefits	101
Note 38	Defined Benefit Pension Schemes	102
Note 39	Contingent Liabilities	110
Note 40	Nature & Extent of Risks Arising from Financial Instruments	112
Note 41	Prior Period Restatement of Service Expenditure and Income	120

NOTES TO THE ACCOUNTS

1. Accounting Policies

BASIS FOR PREPARATION

The notes relating to specific financial statement lines include the corresponding accounting policy. As a result, there is not an overall principal accounting policies note. However, the general accounting policies where there are not any accompanying notes are detailed within this note.

i. GENERAL PRINCIPLES

The Statement of Accounts summarises the Authority's transactions for the 2018/19 financial year and its position at the year end of 31st March 2019. The Accounts and Audit Regulations (England) 2015 require the Authority to prepare an Annual Statement of Accounts in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and the CIPFA Service Reporting Code of Practice 2018/19 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of Non Current Assets and Financial Instruments.

ii. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received, other than prepayments which are accounted for on a cash basis. In particular:

- a) Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- b) Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as Inventories on the Balance Sheet;
- c) Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- d) Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- e) Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The Authority's policy is to review all accruals over £1k together with payments over £5k made in February, March and April to ensure that they are appropriate. Any accruals below this amount are not considered to be material.

iii. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

iv. CHARGES TO REVENUE FOR NON CURRENT ASSETS

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- a) depreciation attributable to the assets used by the relevant service;
- b) revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- c) amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

v. COUNCIL TAX AND NON-DOMESTIC RATES (ENGLAND)

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (ie the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR.

Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

vi. FOREIGN CURRENCY TRANSLATION

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year end, they are reconverted at the spot exchange rate at 31st March 2019. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

vii. INTANGIBLE ASSETS

Expenditure on non monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the Intangible Asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the authority can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

viii. JOINT OPERATIONS

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to any interest in a joint operation, the Authority as a joint operator would recognise:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

The Authority has a Joint Waste Management arrangement with Lichfield District Council which does not fulfil the definition of a joint operation – detailed at Note 33f.

ix. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

x. FAIR VALUE MEASUREMENT

The Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Authority uses internal and external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Authority's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the UK (the Code) requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

IFRS 16 Leases – will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1st April 2020.

IAS 40 Investment Property: Transfers of Investment Property – provides further explanation of the instances in which a property can be reclassified as investment property. This will have no impact on the Council as it already complies.

IFRIC 22 Foreign Currency Transactions and Advance Consideration – clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any transactions within the scope of the amendment.

IFRIC 23 Uncertainty over Income Tax Treatments – provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the Council's accounts.

IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation – amends IFRS 9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Council has no loans to which this will apply.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the notes to the accounts, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government and the impact of the decision to leave the European Union remains unclear. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision;
- The Authority has a Joint Waste Management arrangement with Lichfield District Council (LDC) as the host Authority responsible for management of the arrangement including the refuse fleet.

In February 2016 the LDC procured a new waste fleet using a contract hire arrangement that has been evaluated under IAS 17 as a finance lease. The value of assets procured and the finance lease obligation was **£2,240,000**.

We have applied the tests contained within the Code and IFRS 11 and it is our conclusion that the arrangement does not meet the definition of a joint venture or joint operation as:

- a) IFRS 11 requires a legally binding contract to be in place and the joint waste service does not contain a formal, legally binding arrangement;
- b) the decision-making arrangements do not, in our view, meet the requirement for joint control;
- c) LDC, as the host Authority, hold a number of key responsibilities and elements of decision-making, including legal liability in respect of the lease of the waste fleet and other assets.

The Authority therefore only includes within its accounts the payments it makes to LDC in respect of the service and its own assets which are used for the provision of the service. Payments to LDC are based on an agreed percentage of the total net cost of providing the service, based on the number of properties in each area, currently 42.2% for the Authority.

4. Assumptions Made About the Future & Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31st March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p>	<p>Adjustment to the level of liability on the Balance Sheet. During the year the overall liability increased from £41.9m to £50.9m (following a reduction from £43.5m to £41.9m in 2017/18) – see Note 38 on page 102.</p> <p>Variations in the key assumptions will have the following impact on the net liability:</p> <p>A 0.5% decrease in the real discount rate will increase the net pension liability by £13.9m (10%);</p> <p>A 0.5% increase in the assumed level of salary increases will increase the net pension liability by £1.8m (1%); and</p> <p>A 0.5% increase in the assumed level of pension increases will increase the net pension liability by £11.8m (8%).</p>
Business Rates Retention	<p>The Local Government Finance Act 2012 introduced a Business Rates Retention Scheme that enabled local authorities to retain a proportion of the Business Rates generated in their area. The arrangements for the Business Rates came into effect on 1st April 2013. Billing authorities acting as agents on behalf of the major preceptors (10%), Central Government (50%) and themselves (40%) are required to make provisions for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating List.</p>	<p>The Authority has included a provision of £1.8m (the overall provision in the Business Rates Collection Fund is £4.5m and the Authority's share of the Local Business Rates Retention scheme is 40%) for appeals outstanding on the 31st March 2019 of £101.4m. Local businesses can appeal against the Rateable Value on the 2010 Rating list under limited circumstances and can also appeal against the Rateable Value on the 2017 Rating List.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
		<p>The 2017 Rating List is subject to a fresh approach to appeals known as "Check, Challenge & Appeal" (CCA) which means that before an appeal is made the Rateable Value may be amended upon negotiation between the Valuation Office and the ratepayer (or their agents). This process will inevitably lead to a delay in appeals being made.</p> <p>It is difficult to estimate the likelihood of businesses both submitting and being successful with an appeal in the future and the Authority has therefore made provision in the accounts based on professional advice from independent valuers.</p>
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Council dwellings would increase by c.£56k for every year that useful lives had to be reduced.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

5. Material Items of Income and Expense

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance. This note identifies material items of income and expense. For the purposes of this note the Authority considers material items to be those greater than £1.1m.

During 2015/16 the former Golf Course at Eagle drive was sold to Redrow Homes. The income from the sale has been received over 3 years and generated a Capital receipt of £24.6m and interest of £0.6m. The deferred payment arrangement, generated a receipt of £8.0m in 2018/19 (£1.0m in 2015/16, £8.0m in 2016/17 and £8.2m in 2017/18).

During the year the opportunity to purchase a strategic town centre site at Gungate became available - at a cost of £3.3m. In addition, investments were made in pooled property funds totalling £3.9m.

The Housing Capital programme saw significant development schemes in the year including the ongoing regeneration of Tinkers Green and Kerria at a cost of £6.6m

6. Events after the Reporting Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period (31st March 2019) and the date when the Statement of Accounts is authorised for issue (25th July 2019). Two types of events can be identified:

- a) those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- b) those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

The Statement of Accounts was authorised for issue by the Executive Director Finance on 23rd May 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. This includes the impact of the recent McCloud ruling and GMP equalisation. This impact has been allowed for in the Employer's past service cost which includes £369k for the estimated impact of the recent McCloud ruling and £179k for the estimated impact of changes to GMP equalisation. This also allowed for actual asset returns over the period from 31st March 2018 to 31st March 2019 to be updated (which were previously estimated).

7. Expenditure and Funding Analysis and Adjustment Detail

This statement shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18			Expenditure Funding Analysis			2018/19		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement				Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Restated £000	Restated £000	Restated £000				£000	£000	£000
			Cost of Services					
1,473	18	1,491	Chief Executive			1,264	14	1,278
744	399	1,143	Assistant Director Growth and Regeneration			875	145	1,020
416	31	447	Executive Director Organisation (GF)			561	12	573
602	193	1,795	Assistant Director People			1,568	202	1,770
159	944	3,103	Assistant Director Operations and Leisure (GF)			566	2,527	3,093
95	-	95	Executive Director Finance			250	(2)	248
1,116	143	1,259	Assistant Director Finance			1,031	582	1,613
372	203	575	Assistant Director Assets (GF)			200	84	284
1,123	86	1,209	Assistant Director Neighbourhoods (GF)			1,134	58	1,192
1,082	673	1,755	Assistant Director Partnerships			1,138	759	1,897
(15,271)	4,269	(11,002)	HRA Summary			(14,992)	4,699	(10,293)
501	40	541	Assistant Director Operations and Leisure (HRA)			514	24	538
304	35	339	Assistant Director Assets (HRA)			369	19	388
5,046	(1,452)	3,596	Assistant Director Neighbourhoods (HRA)			5,187	(1,478)	3,709
2,698	-	2,698	Housing Repairs			3,774	-	3,774
3,462	5,582	9,044	Net Cost of Services			3,439	7,645	11,084
(4,529)	(4,667)	(9,196)	Other Comprehensive Income and Expenditure			(3,762)	(10,545)	(14,307)
(1,067)	915	(152)	(Surplus) / Deficit on Provision of Services			(323)	(2,900)	(3,223)
(30,658)			General Fund and HRA balances B/fwd			(31,725)		
(1,067)			(Surplus) / Deficit on Provision of Services			(323)		
(31,725)			Closing General Fund and HRA Balances			(32,048)		

2017/18				Expenditure Funding Analysis Adjustment Detail	2018/19			
Adjustments for Capital Purposes (Note a)	Net Change for Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments		Adjustments for Capital Purposes (Note a)	Net Change for Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments
Restated £000	Restated £000	Restated £000	Restated £000		£000	£000	£000	£000
				Cost of Services				
-	17	1	18	Chief Executive	-	10	4	14
233	170	(4)	399	Assistant Director Growth and Regeneration	52	96	(3)	145
-	27	4	31	Executive Director Organisation (GF)	-	13	(1)	12
174	18	1	193	Assistant Director People	183	11	8	202
697	253	(6)	944	Assistant Director Operations and Leisure (GF)	2,388	141	(2)	2,527
-	-	-	-	Executive Director Finance	-	-	(2)	(2)
-	142	1	143	Assistant Director Finance	-	586	(4)	582
203	1	(1)	203	Assistant Director Assets (GF)	85	1	(2)	84
17	69	-	86	Assistant Director Neighbourhoods (GF)	18	38	2	58
568	103	2	673	Assistant Director Partnerships	723	46	(10)	759
4,255	14	-	4,269	HRA Summary	4,522	177	-	4,699
-	39	1	40	Assistant Director Operations and Leisure (HRA)	-	23	1	24
-	36	(1)	35	Assistant Director Assets (HRA)	-	19	-	19
(1,698)	259	(13)	(1,452)	Assistant Director Neighbourhoods (HRA)	(1,611)	143	(10)	(1,478)
4,449	1,148	(15)	5,582	Net Cost of Services	6,360	1,304	(19)	7,645
(5,844)	1,135	42	(4,667)	Other Comprehensive Income and Expenditure	(11,074)	1,167	(638)	(10,545)
(1,395)	2,283	27	915	(Surplus) / Deficit on Provision of Services	(4,714)	2,471	(657)	(2,900)

7a) Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

7b) Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
- **Financing and investment income and expenditure** -- the net interest on the defined benefit liability is charged to the CIES.

7c) Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

8. Expenditure and Income Analysed by Nature

2017/18 £000	Expenditure and Income Analysed by Nature	2018/19 £000
	Expenditure	
12,111	Employee Benefits Expenses	13,202
37,237	Other Services Expense	34,722
8,069	Depreciation, Amortisation and Impairment	10,095
2,283	Retirement Benefits	2,472
641	REFCUS	717
422	Payments to Housing Capital Receipts Pool	418
60,763	Total Expenditure	61,626
	Income	
(688)	Gain on Disposal of Assets	(583)
(29,503)	Fees, Charges and Other Service Income	(30,709)
(1,464)	Interest and Investment Income	(1,746)
(7,430)	Income from Council Tax, NNDR and District Rates Income	(7,263)
(21,830)	Government Grants and Contributions	(24,548)
(60,915)	Total Income	(64,849)
(152)	(Surplus) / Deficit on Provision of Services	(3,223)

9. Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

Adjustments between Accounting Basis and Funding Basis Under Regulations	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	
2018/19						
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of Non-Current Assets;	(472)	(8,091)	-	-	-	8,563
Revaluation losses on Property, Plant and Equipment;	(2,160)	697	-	-	-	1,463
Movements in the market value of Investment Properties;	73	-	-	-	-	(73)
Movement in Fair Value of Capital Property Fund Investments	(49)	-	-	-	-	49
Amortisation of Intangible Assets;	(93)	-	-	-	-	93
Capital Grants and Contributions Applied;	2,916	4,200	-	-	-	(7,116)
Revenue Expenditure Funded from Capital Under Statute (REFCUS);	(717)	-	-	-	-	717
Amounts on Non Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(149)	(1,300)	-	-	-	1,449
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment - Minimum Revenue Provision;	57	-	-	-	-	(57)
Capital expenditure charged against the General Fund and HRA balances.	176	3,540	-	-	-	(3,716)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement;	265	1,803	(2,068)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure;			8,198	-	-	(8,198)
Contribution from the Capital Receipts Reserve towards administrative costs of Non-Current Asset disposals;	-	(36)	36	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool;	(418)	-	418	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	(10)	-	(7,692)	-	-	7,702

Adjustments between Accounting Basis and Funding Basis Under Regulations	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA;	-	4,482	-	(4,482)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure.	-	-	-	4,998	-	(4,998)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement (see Note 38);	(3,766)	(1,180)	-	-	-	4,946
Employer's pensions contribution and direct payments to pensioners payable in the year.	1,892	582	-	-	-	(2,474)
Adjustment primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax and Non Domestic Rating Income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and Non Domestic Rating Income calculated for the year in accordance with statutory requirements.	639	-	-	-	-	(639)
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	11	8	-	-	-	(19)
Total Adjustments 2018/19	(1,805)	4,705	(1,108)	516	-	(2,308)

Adjustments between Accounting Basis and Funding Basis Under Regulations	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	£000
2017/18						
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of Non Current Assets;	(434)	(7,225)	-	-	-	7,659
Revaluation losses on Property, Plant and Equipment;	(750)	156	-	-	-	594
Movements in the market value of Investment Properties;	396	-	-	-	-	(396)
Amortisation of Intangible Assets;	(76)	-	-	-	-	76
Capital Grants and Contributions Applied;	1,027	246	-	-	-	(1,273)
Revenue Expenditure Funded from Capital Under Statute (REFCUS);	(641)	-	-	-	-	641
Amounts on Non Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(8)	(1,925)	-	-	-	1,933
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment - Minimum Revenue Provision;	58	-	-	-	-	(58)
Capital expenditure charged against the General Fund and HRA balances.	302	3,569	-	-	-	(3,871)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement;	56	2,624	(2,680)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure;			562	-	-	(562)
Contribution from the Capital Receipts Reserve towards administrative costs of Non Current Asset disposals;	-	(59)	59	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool;	(422)	-	422	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	(10)	-	(8,007)	-	-	8,017

Adjustments between Accounting Basis and Funding Basis Under Regulations	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA;	-	4,510	-	(4,510)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure.	-	-	-	3,554	-	(3,554)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 38);	(3,337)	(992)	-	-	-	4,329
Employer's pensions contribution and direct payments to pensioners payable in the year.	1,584	462	-	-	-	(2,046)
Adjustment primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax and Non Domestic Rating Income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and Non Domestic Rating Income calculated for the year in accordance with statutory requirements.	(43)	-	-	-	-	43
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	4	13	-	-	-	(17)
Total Adjustments 2017/18	(2,294)	1,379	(9,644)	(956)	-	11,515

10. Transfers to / (from) Earmarked Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund or Housing Revenue Account balance.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund or Housing Revenue Account balance so that there is no net charge against Council Tax or housing rent for the expenditure.

Certain reserves are kept to manage the accounting processes for Non Current Assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

This note sets out the amounts set aside from the General Fund and HRA Balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund and HRA Expenditure in 2018/19.

Transfers to / (from) Earmarked Reserves	Balance at 1st April 2017 £000	Transfers Out 2017/18 £000	Transfers In 2017/18 £000	Balance at 31st March 2018 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance at 31st March 2019 £000
General Fund:							
Future Capital Expenditure	954	(530)	708	1,132	(138)	729	1,723
Temporary Reserves	139	(155)	166	150	(104)	414	460
Retained Funds	2,482	(878)	689	2,293	(785)	1,492	3,000
Repairs & Renewals	-	-	-	-	-	-	-
Commuted Sums	1,333	(225)	110	1,218	(710)	1,556	2,064
Other Reserves	817	(298)	576	1,095	(1,016)	625	704
Total	5,725	(2,086)	2,249	5,888	(2,753)	4,816	7,951
HRA:							
Future Capital Expenditure	11,497	(3,561)	2,924	10,860	(3,528)	5,647	12,979
Temporary Reserves	84	(84)	586	586	(461)	-	125
Retained Funds	411	-	16	427	(94)	-	333
Other Reserves	-	-	222	222	(222)	62	62
Total	11,992	(3,645)	3,748	12,095	(4,305)	5,709	13,499

Future Capital Expenditure: The Authority maintains a Capital Reserve under the provisions of the Local Government (Miscellaneous Provisions) Act 1976. It is Authority policy to make advances from this fund to various services.

Temporary Reserves: These have been established by the transfer of funds from revenue in order to finance specific identified schemes or potential needs.

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

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

Other Reserves: The largest of these is the Building Repairs Fund that is held for the maintenance of Municipal buildings, including commercial properties.

11. Other Operating Expenditure

2017/18 £000	Other Operating Expenditure	2018/19 £000
422	Payments to the Government Housing Capital Receipts Pool	418
(688)	(Gains) / losses on the disposal of Non Current Assets	(583)
(266)	Total	(165)

12. Financing & Investment Income & Expenditure

2017/18 £000	Financing and Investment Income and Expenditure	2018/19 £000
2,677	Interest payable and similar charges	2,755
1,121	Pension interest costs and expected return on pensions assets	1,159
(621)	Interest receivable and similar income	(904)
(842)	Finance Lease Income	(841)
(1,665)	(Income) and expenditure in relation to investment properties and changes in their fair value	(1,385)
136	Investment impairment	49
806	Total	833

13. Taxation & Non Specific Grant Income

2017/18 £000	Taxation and Non Specific Grant Incomes	2018/19 £000
(3,604)	Council Tax income	(3,756)
(13,543)	Non Domestic Rates	(13,517)
9,718	Non Domestic Rates - Tariff	10,010
1,168	Non Domestic Rates - Levy to GBSLEP	992
(2,202)	Non ringfenced government grants	(1,588)
(1,273)	Capital grants and contributions	(7,116)
(9,736)	Total	(14,975)

A detailed breakdown of the grants, contributions and donations credited to the Comprehensive Income and Expenditure Statement in 2018/19 is shown in Note 32 on page 90.

14. Property, Plant & Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

a) Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, subject to a de minimus level of £10k, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

b) Measurement

Assets are initially measured at cost, comprising:

- i. the purchase price;
- ii. any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- iii. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

- i. Infrastructure, Community Assets and Assets Under Construction – depreciated historical cost;
- ii. Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH); and
- iii. all other assets – current value, determined as the amount that would be paid for the asset in its existing use (Existing Use Value – EUV).

Where there is no market-based evidence of current value because of the specialised nature of an asset, Depreciated Replacement Cost (DRC) is used as an estimate of current value. Where non property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value. In the case of the Assembly Rooms and Cemeteries valuations, there is no active market and so DRC is used.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years – including a desktop review of all Council Dwellings where they have not been subject to a formal revaluation in the year. A review of the valuation of all significant assets is undertaken annually.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- i. where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down firstly against that balance (up to the amount of the accumulated gains); and then;
- ii. where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

c) Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where the Authority has incurred capital expenditure on Council dwellings this is included within the Gross Book Value (GBV) and where it is not considered to add value it is included as impairment. These impairments are subject to write out annually.

The Authority has an ongoing programme of regeneration including disposal and redevelopment of garage sites and the redevelopment of housing at Tinkers Green and Kerria Centre.

Where the decision had been made to dispose of a garage site, the value of the buildings element has been impaired to zero leaving only a residual land value. Similarly, the value of the dwellings in the housing redevelopment areas that are no longer available to let have been impaired to zero leaving only a residual land value.

Where impairment losses are identified, they are accounted for by:

- i. where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down firstly against that balance (up to the amount of the accumulated gains);
- ii. where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

d) Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. Assets Under Construction).

Depreciation is calculated on the following bases:

- i. **Council Housing Stock:** on a straight line basis to an appropriate residual value over the expected useful life of the asset of 50 years.
- ii. **Other Land and Buildings:** on a straight line basis to a nil residual value over the expected useful life of the asset being a range of 5 years to 70 years.

Historical properties: on a straight line basis to a nil residual value over the expected useful life of the asset being over 100 years

- iii. **Vehicles, Plant and Equipment:** on a straight line basis to a nil residual value over the expected useful life of the asset, being between 1 and 20 years.
- iv. **Infrastructure:** on a straight line basis to a nil residual value over the expected useful life of the asset of 30 years.
- v. **Community Assets:** on a straight line basis to a nil residual value over the expected useful life of the asset of 100 years.

- vi. **Heritage Assets:** the Authority considers that the Heritage Assets held will have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation for the assets.
- vii. **Computer Hardware:** is depreciated over a period of 3 years on a straight line basis to a nil residual value.
- viii. **Investment Properties and Surplus Assets:** no depreciation has been applied to either the land or building value of Investment Properties or Surplus Assets.
- ix. **Intangible Fixed Assets:** computer software licences are amortised to revenue over a period of 3 years.
- x. **Furniture and equipment** – minor purchases by the Authority are charged to revenue in the year of acquisition and are not capitalised in the accounts.
- xi. **De minimus items** of expenditure on computer equipment and software are capitalised under the concept of 'Grouped Assets' where the value of such items is material. A charge is made for these assets (depreciation for equipment and amortisation for software), calculated using the straight line method over a period of three years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately – as detailed within the Component Accounting Policy for Property, Plant and Equipment.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

e) Disposals and Non Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell. Where there is a subsequent decrease to current value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in current value are recognised only up to the amount of any previous losses recognised in the (Surplus) or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to Non Current Assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment [or set aside to reduce the authority's underlying need to borrow (the capital financing requirement) (England and Wales)]. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of noncurrent assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

f) Component Accounting Policy for Property, Plant and Equipment

i. De Minimus Level

The de minimus threshold for the Authority is a current net book value of £250k. Individual assets with a value less than £250k will be disregarded for componentisation. This level will be reviewed annually.

ii. Policy for Componentisation

The code requires that each part of an asset should be separately identified and depreciated where the cost is significant in relation to the overall cost of the asset.

To be separately identified as a component, an element of an asset must meet the following criteria:

- have a cost of at least 20% of the cost of the overall asset and
- have a materially different useful life (at least 20% different) and/or

- have a different depreciation method that materially affects the amount charged

The componentisation policy will be applied to new capital spend and new assets with a total cost of over £250k will be considered under the componentisation policy as follows:

- when an asset is enhanced, the cost of the replacement component is compared with the cost of the total asset and the result is measured against the agreed de minimus threshold;
- When an asset is acquired: the cost of any component parts are compared with the overall cost of the new asset and the results assessed against the agreed de minimus threshold;

iii. Valuation

The 5 year valuation cycle remains and therefore componentisation needs to be considered for each asset in the portfolio.

In addition in each financial year, a list of assets that have had capital expenditure incurred will be passed to the finance team and/or valuers who can consider componentisation for any properties not already reviewed.

iv. Impairment

We will continue to complete a desktop Impairment review on an annual basis.

Movement in 2018/19	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1st April 2018	172,392	18,289	4,136	378	1,078	1,111	197,384
Additions	6,659	5,511	65	-	61	6,806	19,102
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	(7,979)	(263)	-	-	-	-	(8,242)
Revaluation increases / (decreases) recognised in the Revaluation Reserve;	7,834	1,247	-	-	-	-	9,081
Revaluation increases / (decreases) recognised in the (Surplus) or Deficit on the Provision of Services;	697	(2,160)	-	-	-	-	(1,463)
Derecognition - Disposals;	(1,932)	(170)	(29)	-	-	-	(2,131)
Assets reclassified (to) / from Investment Properties;	-	(28)	-	-	-	-	(28)
Other movements in cost or valuation.	308	(39)	-	-	-	(269)	-
At 31st March 2019	177,979	22,387	4,172	378	1,139	7,648	213,703
Accumulated Depreciation & Impairment							
At 1st April 2018	(621)	(45)	(2,997)	(227)	(3)	-	(3,893)
Depreciation Charge;	(2,758)	(355)	(206)	(12)	(1)	-	(3,332)
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	7,979	263	-	-	-	-	8,242
Impairment losses / (reversals) recognised in the (Surplus) or Deficit on the Provision of Services;	(5,231)	-	-	-	-	-	(5,231)
Derecognition - disposals.	631	45	29	-	-	-	705
At 31st March 2019	-	(92)	(3,174)	(239)	(4)	-	(3,509)
Net Book Value							
at 31st March 2018	171,771	18,244	1,139	151	1,075	1,111	193,491
at 31st March 2019	177,979	22,295	998	139	1,135	7,648	210,194
Nature of Holdings at year end							
Owned	177,979	22,295	998	139	1,135	7,648	210,194

Comparative Movement in 2017/18	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1st April 2017	166,878	19,021	3,936	378	993	592	191,798
Additions;	5,528	546	200	-	85	2,128	8,487
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	(11,313)	(833)	-	-	-	-	(12,146)
Revaluation increases / (decreases) recognised in the Revaluation Reserve;	12,611	856	-	-	-	-	13,467
Revaluation increases / (decreases) recognised in the (Surplus) or Deficit on the Provision of Services;	156	(750)	-	-	-	-	(594)
Derecognition - Disposals;	(3,461)	(194)	-	-	-	-	(3,655)
Assets reclassified (to) / from Assets Held for Sale.	-	27	-	-	-	-	27
Other movements in cost or valuation	1,993	(384)	-	-	-	(1,609)	-
At 31st March 2018	172,392	18,289	4,136	378	1,078	1,111	197,384
Accumulated Depreciation & Impairment							
At 1st April 2017	(6,394)	(704)	(2,797)	(214)	(3)	-	(10,112)
Depreciation and Impairment Charge;	(2,701)	(323)	(200)	(13)	-	-	(3,237)
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	11,313	833	-	-	-	-	12,146
Impairment losses / (reversals) recognised in the Revaluation Reserve;	(1)	-	-	-	-	-	(1)
Impairment losses / (reversals) recognised in the (Surplus) or Deficit on the Provision of Services;	(4,420)	-	-	-	-	-	(4,420)
Derecognition - disposals;	1,582	147	-	-	-	-	1,729
Assets reclassified (to) / from Investment Property.	-	2	-	-	-	-	2
At 31st March 2018	(621)	(45)	(2,997)	(227)	(3)	-	(3,893)
Net Book Value							
at 31st March 2017	160,484	18,317	1,139	164	990	592	181,686
at 31st March 2018	171,771	18,244	1,139	151	1,075	1,111	193,491
Nature of Holdings at year end							
Owned	171,771	18,244	1,139	151	1,075	1,111	193,491

a) Capital Commitments

At 31st March 2019, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2018/19 and future years. The major commitments for schemes valued in excess of £1m are:

2017/18 £000	Capital Contract	2018/19 £000
2,458.1	Housing Repairs & Investment	2,939.7
3,212.1	Assembly Rooms Development	1,139.7
2,054.7	Improvements to High Rise Blocks	2,339.7
14,849.2	Regeneration of Tinkers Green & Kerria	7,332.5
22,574.1	Total	13,751.6

b) Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. The effective date of revaluation is 31st March 2019. The valuations are carried out by Authority's Property Surveyor, Mr P Evans MRICS, IRRV with the valuation of Council Dwellings being undertaken by Specialist Valuation Services an external valuer. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are carried at historical cost as a proxy for current value.

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years – including a desktop review of all Council Dwellings where they have not been subject to a formal revaluation in the year. A review of the valuation of all significant assets is undertaken annually.

The following statement shows the progress of the Authority's rolling programme for revaluation of Non Current Assets:

Valuations (Cost or Valuation)	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Valued at Historical Cost	-	-	4,172	378	1,139	7,648	13,337
Valued at Current Value in:							
2018/19	177,979	18,825	-	-	-	-	196,804
2017/18	-	3,562	-	-	-	-	3,562
Total	177,979	22,387	4,172	378	1,139	7,648	213,703

15. Heritage Assets

Heritage Assets are assets that are held by the Authority because of their cultural, environmental or historical value. Tangible Heritage Assets include historical buildings, paintings, sculptures / statues, archives and other works of art.

The Authority's Museum, Art and Civic Heritage Assets are held in various sites. The Museum Collection has four main collections, General Collection, Art, Furniture and Archaeological Collection and Ephemera.

The collections are used for education, learning, research, enjoyment and are preserved for the use of future generations.

Valuation of Heritage Assets

The Code requires that Heritage Assets are measured at valuation in the 2018/19 financial statements (including the 2017/18 comparative information). The Authority will recognise in the Balance Sheet each asset shown in the table which has an identified value.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets as detailed below.

The accounting policies in relation to Heritage Assets that are deemed to include elements of intangible Heritage Assets are also presented below.

- **General Collection:** Tamworth Castle has held collections and maintained a museum since it was purchased for the Borough in 1897. The collections are crucial for maximising access to and understanding of Tamworth's heritage. These items are reported in the Balance Sheet at insurance valuation which is based on Market values. Acquisitions, although rare, are initially recognised at cost.
- **Art Collection:** The collection consists principally of views of Tamworth by local artists although some are nationally recognised. The mediums covered include oil, watercolour, lithographs, mezzotints and prints. These too are reported in the Balance Sheet at insurance valuation based on Market values.
- **Archaeological Collection and Ephemera:** The archaeological collection consists mainly of finds from various excavations local to Tamworth, usually as a result of building development around Tamworth Castle site but also in the town and further afield. These are not recognised on the Balance Sheet as cost or valuation information is not reliable for items of this type due to the diverse nature, and lack of comparable market values for the assets held.

- **Civic Collection and Statues:** The Authority's Civic Collection and Statues were valued in April 2012 by external valuers. These assets are deemed to have an indeterminate life with high residual values; hence the Authority does not consider it appropriate to charge depreciation.
- **Tamworth Castle:** The castle dates from c1070 but has been updated and modernised during the interim period. The current value is based on historic cost but there are regular works to maintain the property.

Movement in 2018/19	Art Collection	Civic Regalia	Museum Exhibits	Statues	Castle	Total Heritage Assets
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1st April 2018	97	174	624	233	1,737	2,865
Additions	-	-	-	23	172	195
At 31st March 2019	97	174	624	256	1,909	3,060

Movement in 2017/18	Art Collection	Civic Regalia	Museum Exhibits	Statues	Castle	Total Heritage Assets
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1st April 2017	97	174	624	233	1,719	2,847
Additions	-	-	-	-	18	18
At 31st March 2018	97	174	624	233	1,737	2,865

Heritage Assets Five Year Summary of Transactions	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
Cost of Acquisitions of Heritage Assets					
Castle Museum	54	-	39	18	195
Total Cost of Purchases	54	-	39	18	195

16. Investment Properties

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods.

Investment Properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to Investment Properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2017/18	Investment Properties	2018/19
£000		£000
(1,551)	Rental income from Investment Property	(1,580)
277	Direct operating expenses arising from Investment Property	270
(1,274)	Net (Gain) / Loss	(1,310)

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

The following table summarises the movement in the fair value of Investment Properties over the year:

2017/18 £000	Fair Value of Investment Properties	2018/19 £000
22,023	Balance at 1st April 2018	22,385
-	Additions: Subsequent expenditure	6
(29)	Transfers: to / from Property, Plant and Equipment	28
396	Valuations: Changes in market valuation	73
(7)	Disposals	(23)
2	Other changes	19
22,385	Balance at 31st March 2019	22,488

Fair Value Hierarchy - All the Authority's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Note 1 for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property - The fair value of investment property has been measured using an income approach, by means of discounted cashflow method, where the expected cash flows from the properties are discounted (using a market – derived discount rate) to establish the present value of the net income stream. The approach has been developed using the Authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use - In estimating the fair value of the Authority's investment properties, the highest and best use is their current use.

Valuation Process for Investment Properties - The Authority's investment property has been valued as at 31st March 2019 by Paul Evans, Internal Valuer, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

17. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI).

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date;
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly;
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

a) Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets	Non-Current		Current			
	Investments		Investments		Debtors	
	31 st March 2018 £000	31 st March 2019 £000	31 st March 2018 £000	31 st March 2019 £000	31 st March 2018 £000	31 st March 2019 £000
Amortised Cost						
Principal	-	-	51,035	60,027	-	-
Investment Interest Accrual	-	-	93	189	-	-
Cash & Cash Equivalents (CCE)	-	-	-	-	9,770	4,914
CCE Accrued Interest	-	-	-	-	3	5
Total Investments	-	-	51,128	60,216	9,773	4,919
Trade Debtors	12,787	12,830	-	-	9,284	1,662
Total Amortised Cost	12,787	12,830	51,128	60,216	19,057	6,581
Fair Value Through Profit and Loss	-	3,820	-	-	-	-
Total Financial Assets	12,787	16,650	51,128	60,216	19,057	6,581

Financial Liabilities	Non-Current		Current	
	Borrowings		Creditors	
	31 st March 2018 £000	31 st March 2019 £000	31 st March 2018 £000	31 st March 2019 £000
Amortised Cost				
Principal	63,060	63,060	-	-
Interest Payable Accrual	-	-	311	311
Total Borrowings	63,060	63,060	311	311
Bank Overdraft	-	-	1,357	878
Trade Creditors	-	-	5,044	5,157
Total Financial Liabilities at Amortised Cost	63,060	63,060	6,712	6,346

Reclassification and remeasurement of financial assets at 1 April 2018

This note shows the effect of reclassification of financial assets following the adoption of IFRS 9 Financial Instruments by the Code of Practice on Local Authority Accounting and the remeasurements of carrying amounts then required.

Reclassification and Remeasurement of Financial Assets	Carrying amount brought forward at 1 st April 2018 £000	New Classifications at 1 st April 2018: Amortised Cost £000
Previous classifications		
Loans and Receivables	82,972	82,972
Reclassified & Remeasured amounts at 1st April 2018	82,972	82,972

Effect of Asset Reclassification and Remeasurement on the Balance Sheet

This note shows how the new balances at 1 April 2018 for financial assets are incorporated into the Balance Sheet.

New Classifications 1 st April 2018	Amortised Cost £000	Total Balance Sheet carrying amount £000
Remeasured carrying amounts at 1 April 2018	82,972	82,972
Reclassified Amounts:		
Long Term Debtors	12,787	12,787
Current Investments	51,128	51,128
Cash & Cash Equivalents	9,773	9,773
Current Debtors	9,284	9,284
Total	82,972	82,972

The value of debtors and creditors reported in the table are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and Notes 18 and 21 also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

b) Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statements in relation to financial instruments are made up as follows.

Financial Instruments	Surplus or Deficit on the Provision of Services	Surplus or Deficit on the Provision of Services
	2017/18 £000	2018/19 £000
Net gains/losses on:		
Financial Assets Measured at Fair Value Through Profit or Loss	136	49
Total net gains/losses	136	49
Interest revenue:		
Financial Assets Measured at Amortised Cost	(621)	(904)
Total interest revenue	(621)	(904)
Interest expense		
Fee expense:		
Financial Assets or Financial Liabilities that are not at Fair Value Through Profit or Loss	2,677	2,755
Total fee expense	2,677	2,755

c) Fair Value of Financial Assets

Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring Fair Value Measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31st March 2018	31st March 2019
			£000	£000
Fair Value Through Profit and Loss				
Other Financial Instruments Classified as Fair Value Through Profit and Loss	Level 1	Unadjusted quoted prices in active markets for identical shares (Investments in Property Funds)	-	3,820

Investments made in property funds during 2018/19 are as follows:-

Schroders UK Real Estate Fund - £1.85m, with an estimated return/yield of 3.2%

Threadneedle Property Unit Trust - £2.00m, with an estimated return/yield of 4.7%

Total investments - £3.85m, with an estimated return of 4.0% plus any capital growth. The total value of these investments at 31st March 2019 is £3.82m.

d) The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value (described above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB new market rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment/borrowing rates, highlighting the impact of the alternative valuation;

- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

The fair value of trade and other receivables is taken to be the invoiced or billed amount. The fair values calculated are as follows:

Financial Liabilities	31st March 2018		31st March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Debt*	63,371	89,113	63,371	90,672
Creditors	5,044	5,044	5,157	5,157
Total Financial Liabilities	68,415	94,157	68,528	95,829

* includes short term interest accrual of £311k.

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31st March 2019) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £90.7m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. If a value is calculated on this basis, the carrying amount of £63.1m would be valued at £90.7m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid/giving a discount for the reduced interest income that will be avoided. The exit price for the PWLB loans including the penalty charge would be £112.1m.

Loans and Receivables	31st March 2018		31st March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Money Market Loans <1 year	51,128	51,120	60,216	60,069
Cash & Cash Equivalents	9,773	9,773	4,919	4,919
Long Term Investments	-	-	3,820	3,820
Debtors	9,284	9,284	1,662	1,662
Long Term Debtors	12,787	12,787	12,830	12,830
Total Financial Assets	82,972	82,964	83,447	83,300

Where the fair value of the assets is lower than the carrying amount this is because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date and vice versa. For 2018/19, a notional future gain (based on economic conditions at 31st March 2019) was attributable to the commitment to receive interest above current market rates.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

e) Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

Recurring Fair Value Measurements Using:	Other Significant Observable Inputs	Other Significant Observable Inputs
	(Level 2) 31st March 2018 £000	(Level 2) 31st March 2019 £000
Financial Liabilities		
Financial Liabilities Held at Amortised Cost: PWLB	63,371	63,371
Total	63,371	63,371
Financial assets		
Financial Assets Held at Amortised Cost:	60,901	65,135
Total	60,901	65,135

18. Debtors

2017/18 £000	Debtors	2018/19 £000
	Trade Receivables:	
348	Other Local Authority	256
2,210	Housing Rent	2,382
10,193	Other Entities and Individuals	2,672
12,751		5,310
	Other Receivable Amounts:	
1,832	Government Departments	1,494
45	Business Rates	40
76	Council Tax Payers	85
1,953		1,619
(267)	Payments in Advance	(374)
(3,200)	Less Provision for Bad Debt	(3,274)
11,237	Total Debtors	3,281

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

Debtors 2017/18 £000	Bad debt Provisions 2017/18 £000	Debtors for Local Taxation - Council Tax & Non-domestic Rates	Debtors 2018/19 £000	Bad Debt Provisions 2018/19 £000
1,013	316	Less than one year	1,170	377
484	270	One to two years	443	215
343	213	Two to three years	377	252
1,307	1,168	More than three years	1,065	927
3,147	1,967	Total	3,055	1,771

19. Cash & Cash Equivalents

Cash is represented by Cash in Hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, Cash and Cash Equivalents are shown net of Bank Overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

The balance of Cash and Cash Equivalents is made up of the following elements:

2017/18 £000	Cash and Cash Equivalents	2018/19 £000
2	Cash held by the Authority	2
(1,357)	Bank current accounts	(878)
9,773	Short term deposits with Banks and Building Societies	4,919
-	Other	-
8,418	Total Cash and Cash Equivalents	4,043

20. Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the (Surplus) or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to Non Current Assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

There were no assets held for sale at 31st March 2019.

21. Creditors

2017/18 £000	Creditors	2018/19 £000
	Trade Payables:	
1,711	Other Local Authorities	1,754
513	Housing Rent	533
2,820	Other Entities and Individuals	2,870
5,044		5,157
	Other Payables:	
425	Government Departments	1,111
90	Council Tax Payers	107
3,565	Precepting Authorities (Business Rates)	4,732
1,418	Precepting Authorities (Council Tax)	1,470
608	Business Rates Payments	467
6,106		7,887
11,150		13,044

22. Provisions

Provisions	Municipal Mutual Insurance £000	Non Domestic Rates Appeals £000	Short Term Provisions Total £000	Long Term - Non Domestic Rates Appeals £000
Balance at 1st April 2017	8	393	401	1,504
Additional provisions made in year	-	651	651	-
Amount used in year	-	(350)	(350)	-
Unused amounts reversed in year	-	(10)	(10)	(651)
Balance at 31st March 2018	8	684	692	853
Additional provisions made in year	-	-	-	751
Amount used in year	-	(98)	(98)	(89)
Unused amounts reversed in year	-	(62)	(62)	(232)
Balance at 31st March 2019	8	524	532	1,283

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

a) Municipal Mutual Insurance (MMI)

This provision has been established as a result of the decision to trigger the 'Scheme of Arrangement' (SOA) with regard to Municipal Mutual Insurance (MMI), at a meeting of the Board of Directors on 13th November 2012. Under this SOA, the Authority is liable to pay a levy up to the value of claims paid since 1993 (£252k) and a provision of £33k was established to cover the potential additional levy of up to 28%. There is currently a remaining provision of £8k.

b) Business Rates Appeals

Under Business Rates Retention arrangements, Billing authorities acting as agents on behalf of the major preceptors (10%), Central Government (50%) and themselves (40%) are required to make provisions for refunding ratepayers who have successfully appealed against the rateable value of their properties on the Rating List. The Authority has included a provision of £1.8m (£1.5m – 2017/18) (the overall provision in the Business Rates Collection Fund is £4.5m (£3.8m – 2017/18) and the Authority's share of the Local Business Rates Retention scheme is 40%) for appeals outstanding on the 31st March 2019 of £101.4m (£109.4m 2017/18).

Further details regarding the approach to determining the NNDR provision can be found in Note 39 - Contingent Liabilities as local businesses could still appeal against the Rateable Value on the 2010 Rating List under limited circumstances and can also appeal against the Rateable Value on the 2017 Rating List.

23. Unusable Reserves

31st March 2018 £000	Unusable Reserves	31st March 2019 £000
47,059	Revaluation Reserve	55,561
102,952	Capital Adjustment Account	115,376
(43,692)	Pensions Reserve	(51,840)
20,403	Deferred Capital Receipts Reserve	12,701
(240)	Accumulated Absences Account	(221)
429	Collection Fund Adjustment Account	1,068
126,911	Total Unusable Reserves	132,645

a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2017/18 £000	Revaluation Reserve	2018/19 £000
33,951	Balance at 1st April 2018	47,059
13,467	Revaluation of assets and impairment losses not charged to the (Surplus) or Deficit on the Provision of Services	9,102
13,467	Surplus or deficit on the revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	9,102
(359)	Difference between fair value depreciation and historical cost depreciation	(600)
(359)	Amount written off to the Capital Adjustment Account	(600)
47,059	Balance at 31st March 2019	55,561

b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of Non Current Assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2017/18 £000	Capital Adjustment Account	2018/19 £000
103,782	Balance at 1st April 2018	102,952
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(7,659)	Charges for depreciation and impairment of Non Current Assets;	(8,563)
(594)	Revaluation losses on Property, Plant and Equipment;	(1,463)
-	Movement in Fair Value of Capital Property Fund Investments	(49)
(76)	Amortisation of Intangible Assets;	(93)
(641)	Revenue Expenditure Funded from Capital Under Statute;	(717)
(1,933)	Amounts of Non Current Assets written off on disposal or sale as part of the gains / loss on disposal to the Comprehensive Income and Expenditure Statement;	(1,449)
(10,903)		(12,334)
359	Adjusting amounts written out of the Revaluation Reserve	600
(10,544)	Net written out amount of the cost of Non Current Assets consumed in the year	(11,734)
	Capital financing applied in the year:	
562	Use of Capital Receipts Reserve to finance new capital expenditure;	8,198
3,554	Use of Major Repairs Reserve to finance new capital expenditure;	4,998
1,273	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing;	7,116
58	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances - Minimum Revenue Provision;	57
3,871	Capital expenditure charged against the General Fund and HRA Balances.	3,716
9,318		24,085
396	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement.	73
102,952	Balance at 31st March 2019	115,376

c) Pension Reserve

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

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2017/18 £000	Pensions Reserve	2018/19 £000
(43,479)	Balance at 1st April 2018	(43,692)
2,070	Remeasurement of the Net Defined Benefit Liability / (asset)	(5,676)
(4,329)	Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(4,946)
2,046	Employer's contributions and direct payments to pensioners payable in the year	2,474
(43,692)	Balance at 31st March 2019	(51,840)

The accounts include £1.0m relating to the advance payment of the pension lump sum for 2019/20 – following the triennial review in March 2016. This has been accounted for, following technical advice, by reducing the charge to the Comprehensive Income and Expenditure Account offset in the Pensions Reserve. It should be noted that results in a difference between the pension liability and the pension reserve balances.

d) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of Non Current Assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve. The majority of the current balance relates to the accounting arrangements for finance leases under IFRS.

2017/18 £000	Deferred Capital Receipts Reserve	2018/19 £000
28,420	Balance at 1st April 2018	20,403
(8,017)	Transfer to Capital Receipts Reserve upon receipt of cash	(7,702)
20,403	Balance at 31st March 2019	12,701

e) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March 2019. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2017/18 £000	Accumulated Absences Account	2018/19 £000
(257)	Balance at 1st April 2018	(240)
257	Settlement or cancellation of accrual made at the end of the preceding year	240
(240)	Amounts accrued at the end of the current year	(221)
17	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	19
(240)	Balance at 31st March 2019	(221)

f) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2017/18 £000	Collection Fund Adjustment Account	2018/19 £000
472	Balance at 1st April 2018	429
(43)	Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	639
429	Balance at 31st March 2019	1,068

24. Cash Flow Statement – Operating Activities

The cash flows for the operating activities include the following items:

2017/18 £000	Cash Flow Statement - Operating Activities	2018/19 £000
	The cash flows for operating activities include the following items	
(1,429)	Interest received	(1,649)
2,677	Interest paid	2,755
1,248		1,106
152	Net Surplus or (Deficit) on the Provision of Services	3,777
	Adjusted for non cash movements	
7,659	Depreciation	8,563
594	Impairment and Downward Valuations	1,463
76	Amortisation	93
(124)	Increase / Decrease in Creditors	1,083
(542)	Increase / Decrease in Debtors	(202)
(4)	Increase / Decrease in Inventories	(13)
464	Movement in Pension Liability	3,312
1,932	Carrying amount of Non Current Assets and Non Current Assets Held for Sale, sold or de-recognised	1,449
(757)	Other non cash items charged to the Net (Surplus) or Deficit on the Provision of Services	197
9,298		15,945
	Adjusted for items that are Investing or Financing Activities	
-	Proceeds from Short-Term (Not Considered to be Cash Equivalents) and Long-Term investments (Includes Investments in Associates, Joint Ventures and Subsidiaries)	134
(2,680)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(2,068)
(1,273)	Any other items for which the cash effects are Investing or Financing Activities cash flows	(7,116)
(3,953)		(9,050)
5,497	Net Cash Flows from Operating Activities Surplus/(Deficit)	10,118

25. Cash Flow Statement – Investing Activities

2017/18 £000	Cash Flow Statement - Investing Activities	2018/19 £000
7,995	Purchase of Property, Plant and Equipment; Investment Property and Intangible Assets	19,740
7,942	Purchase of Short Term and Long Term Investments	12,861
(10,824)	Proceeds from the sale of Property, Plant and Equipment; Investment Property and Intangible Assets	(9,760)
-	Proceeds from Short Term and Long Term Investments	134
(734)	Other receipts from Investing Activities	(7,116)
4,379	Net Cash Flows from Investing Activities	15,859

26. Cash Flow Statement – Financing Activities

2017/18 £000	Cash Flow Statement - Financing Activities	2018/19 £000
(6)	Other payments for Financing Activities	(1,289)
(94)	Other receipts from Financing Activities	(77)
(100)	Net Cash Flows from Financing Activities	(1,366)

27. Acquisitions & Discontinued Operations

Acquired operations

There were no acquired operations during 2018/19.

Discontinued Operations

The results of discontinued operations are shown as a single amount on the face of the Comprehensive Income and Expenditure Statement comprising the profit or loss of discontinued operations and the gain or loss recognised either on measurement to fair value less costs to sell or on the disposal of the discontinued operation. A discontinued operation is a unit that has been disposed of, or is classified as an Asset Held for Sale.

There were no discontinued operations during 2018/19.

28. Trading Operations

The Authority has a number of trading operations required to operate in a commercial environment as follows:

2017/18 Expenditure £000	2017/18 Income £000	2017/18 (Surplus)/ Deficit £000	Trading Operations	2018/19 Expenditure £000	2018/19 Income £000	2018/19 (Surplus)/ Deficit £000
6	(10)	(4)	Markets	8	(10)	(2)
(35)	(831)	(866)	Industrial Estates	(7)	(845)	(852)
(77)	(722)	(799)	Other Land and Property	202	(735)	(533)
(106)	(1,563)	(1,669)	Total	203	(1,590)	(1,387)

Trading Operations are incorporated into the Comprehensive Income and Expenditure Statement.

29. Members' Allowances

The Authority paid the following amounts to members of the Authority during the year.

2017/18 £000	Members Allowances	2018/19 £000
160	Basic Allowance	160
92	Special Responsibility	93
4	Other Allowances/Expenses	4
1	Travel/Mileage	1
257	Total	258

30. Officers' Remuneration

Benefits Payable During Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits (e.g. Healthshield cover) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to (Surplus) or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The remuneration paid to the Authority's Senior Employees is as follows:

Officers Remuneration	Year	Salary, Fees and Allowances £	Expenses Allowances £	Pension Contribution £	Compensation for loss of office	Total £
Chief Executive*1,*2	2018/19	-	-	-	-	-
	2017/18	67,943	736	10,160	-	78,839
Executive Director Corporate Services*1	2018/19	54,000	488	15,408	129,929	199,825
	2017/18	89,393	1,356	15,394	-	106,143
Chief Executive *4 *1	2018/19	93,719	894	15,464	-	110,077
	2017/18	-	-	-	-	-
Chief Operating Officer *4	2018/19	19,254	201	3,177	-	22,632
	2017/18	55,017	577	9,078	-	64,672
Director of Assets & Environment *4	2018/19	-	-	-	-	-
	2017/18	40,559	503	6,692	-	47,754
Director of Transformation & Corporate Change *3	2018/19	-	-	-	-	-
	2017/18	34,818	503	5,745	-	41,066
Head of Paid Service *3	2018/19	16,236	201	2,679	-	19,115
	2017/18	46,672	577	7,701	-	54,950
Executive Director Organisation *3	2018/19	75,133	894	12,397	-	88,424
	2017/18	-	-	-	-	-
Director of Housing & Health *5	2018/19	-	-	-	-	-
	2017/18	83,556	1,356	13,787	-	98,699
Executive Director Communities *5	2018/19	87,224	1,370	14,392	-	102,986
	2017/18	-	-	-	-	-
Director of Finance *6	2018/19	14,036	251	2,316	-	16,603
	2017/18	75,057	1,356	12,384	-	88,797
Executive Director Finance *6	2018/19	71,050	1,119	11,723	-	83,892
	2017/18	-	-	-	-	-
Solicitor & Monitoring Officer	2018/19	41,974	488	58,511	67,307	168,280
	2017/18	69,561	1,356	11,333	-	82,250
Director of Technology & Corporate Programmes	2018/19	29,192	456	4,817	50,000	84,465
	2017/18	68,687	1,080	11,333	-	81,100

Officers Remuneration	Year	Salary, Fees and Allowances £	Expenses Allowances £	Pension Contribution £	Compensation for loss of office	Total £
Head of Landlord Services *7	2018/19	11,067	251	1,826	-	13,144
	2017/18	61,181	1,329	10,095	-	72,605
Assistant Director Neighbourhoods *7	2018/19	51,450	1,119	8,489	-	61,058
	2017/18	-	-	-	-	-
Head of Planning and Regeneration *8	2018/19	10,641	201	1,756	-	12,598
	2017/18	55,199	1,080	9,107	-	65,386
Assistant Director Growth and Regeneration *8	2018/19	50,225	894	8,287	-	59,406
	2017/18	-	-	-	-	-
Housing Strategy Manager	2018/19	31,191	365	80,334	72,885	184,775
	2017/18	51,560	1,080	8,507	-	61,147
Assistant Director People *12	2018/19	61,848	1,370	10,205	-	73,423
	2017/18	-	-	-	-	-
Assistant Director Partnerships *12	2018/19	57,194	1,094	9,437	-	67,725
	2017/18	-	-	-	-	-
Assistant Director Operations and Leisure *12	2018/19	57,721	1,370	9,524	-	68,615
	2017/18	-	-	-	-	-
Assistant Director Finance *12	2018/19	57,194	1,140	9,437	-	67,771
	2017/18	-	-	-	-	-
Assistant Director Asset Management *12	2018/19	59,116	1,370	8,119	-	68,605
	2017/18	-	-	-	-	-
Head of Audit and Governance *12	2018/19	52,186	1,370	8,350	-	61,906
	2017/18	-	-	-	-	-

During the year the Organisation went through a review and restructure of its Senior Management Team. This review resulted in a some Officers leaving the Authority and new post being created this is reflected in the figures for the year specifically:

- *1 Includes Local Returning Officer and Deputy Returning Officer Fees under Legislation
- *2 This post was vacated
- *3 These posts were occupied by the same officer following an organisation restructure Executive Director post held with effect from 7th June 2018
- *4 These posts were occupied by the same officer following an organisation restructure Chief executive post held with effect from 7th June 2018
- *5 These posts were occupied by the same officer following an organisation restructure Executive Director post held with effect from 7th June 2018
- *6 These posts were occupied by the same officer following an organisation restructure Executive Director post held with effect from 7th June 2018
- *7 These posts were occupied by the same officer following an organisation restructure Assistant Director post held with effect from 7th June 2018
- *8 These posts were occupied by the same officer following an organisation restructure Assistant Director post held with effect from 7th June 2018
- *9 These post holders ceased employment with the Authority on 6th August 2018
- *10 The post holder ceased employment with the Authority on 31st July 2018
- *11 The post holder ceased employment with the Authority on 31st August 2018
- *12 The officers in these posts were appointed to the Assistant Director post following the Organisational restructure on the 7th June 2018

With regard to the reduction in pension contribution levels - following the triennial review carried out by the Actuary employed by the Pension Fund in March 2017 - indicative *ongoing* annual increases in Employer's contributions for the 3 years commencing 1st April 2017 have been indicated. This now includes an ongoing lump sum (with an annual increase) relating to past liabilities and a set rate for future employer contributions of 16.5% p.a. (This rate has not changed since 2014/15).

The Authority's employees receiving more than £50k remuneration for the year (excluding employer's pension contributions) not including those reported in the Senior Employees table above were paid the following amounts:

Restated 2017/18 Total Number of Employees	Remuneration Band	2018/19 Number of Employees Left During Year	2018/19 Number Employed at 31st March 2019	2018/19 Total Number of Employees
1	£50,000 - £54,999	-	1	1
0	£55,000 - £59,999	-	-	-
0	£60,000 - £64,999	0	-	-
0	£65,000 - £69,999	-	-	-
0	£70,000 - £74,999	-	-	-
0	£75,000 - £79,999	-	-	-
0	£80,000 - £84,999	-	-	-
0	£85,000 - £89,999	-	-	-
0	£90,000 - £94,999	-	-	-
0	£95,000 - £99,999	-	-	-
-	£100,000 - £104,999	-	-	-
-	£105,000 - £109,999	-	[[
-	£110,000 - £114,999	[-	[
-	£130,000 - £134,999	-	[[
-	£185,000 - £189,999	[-	[
1	Total	-	1	1

The number of exit packages with total cost per band and total cost of redundancies are set out below:

Exit Package Cost Band	Number of Departures Agreed	
	2017/18	2018/19
Compulsory		
£0 - £20,000	-	1
£20,001 - £40,000	-	-
£40,001 - £60,000	-	1
Total		2
Other departures agreed		
£0 - £20,000	-	3
£20,001 - £40,000	-	-
£40,001 - £60,000	-	3
£60,001 - £80,000	-	1
£80,001 - £100,000	-	-
£100,001 - £150,000	-	4
£150,001 - £200,000	-	1
Total	-	11

Total number of exit packages by cost band	Number of Departures Agreed		Total Cost of Exit Packages	
	2017/18	2018/19	2017/18 £'000	2018/19 £'000
£0 - £20,000	-	4	-	27
£20,001 - £40,000	-	-	-	-
£40,001 - £60,000	-	4	-	206
£60,001 - £80,000	-	1	-	64
£80,001 - £100,000	-	-	-	0
£100,001 - £150,000	-	4	-	503
£150,001 - £200,000	-	1	-	150
Total	-	14	-	950

31. External Audit Costs

The agreed audit fees paid for 2018/19 were £52k (£56k 2017/18)

2017/18 £000	External Audit Costs	2018/19 £000
42	Fees payable to Grant Thornton with regard to the external audit services carried out by the appointed auditor for the year;	38
14	Fees payable to Grant Thornton for the certification of grants and returns for the year;	14
-	Fees payable in respect of other services provided by Cabinet Office during the year - National Fraud Initiative.	2
56	Total	54

The indicative fee for certification of grants and returns for 2018/19 is £14k.

32. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non Specific Grant Income (non ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges for this Authority may be used to fund revenue expenditure. No CIL income was received in 2018/19.

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/19:

2017/18 £000	Grant Income	2018/19 £000
	Credited to Taxation and Non Specific Grant Income	
771	Revenue Support Grant	494
13,543	NNDR	13,517
(9,718)	Non Domestic Rates - Tariff	(10,010)
(1,168)	Non Domestic Rates - Levy to GBSLEP	(992)
382	New Homes Bonus	148
107	Discretionary Business Rates Relief	-
656	S31 Grant - Small Business Rate Relief	894
286	Other Grants	52
1,273	Capital Grants and Contributions	7,116
6,132	Total	11,219

The Authority credited the following grants, contributions and donations to Cost of Services within the Comprehensive Income and Expenditure Statement in 2018/19:

2017/18 £000	Credited to Services Government Grant	2018/19 £000
330	DWP Admin Grant	299
91	NNDR Cost of Collection	90
18,459	Benefits	15,717
159	Discretionary Housing Payment	140
4	Nature Reserve	7
102	Safer Stronger Communities/Domestic Abuse	113
38	Electoral Process	26
29	Homelessness Reduction Act	18
106	Domestic Abuse Services	59
33	Arts Council	21
113	Welfare Benefit Reform Changes	138
59	Flexible Homelessness Support	91
-	Homelessness Prevention	21
-	EU Exit	17
-	New Burdens - Brownfields/Custom Build	18
-	ERDF	6
-	Earned Autonomy	30
-	National Community Clean Up	25
19,523	Total	16,836

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year end are as follows:

31st March 2018 £000	Capital Grants Receipts in Advance	31st March 2019 £000
1	DCMS Free Swimming Grant	1
3	Lottery BMX Track	3
2	Elections	-
10	HLF Mercian Trail	10
91	Arts Council	-
27	Other	12
134	Total	26

33. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have control or joint control, or significant influence over the Authority, or are a member of the key management personnel of the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

a) Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 8. Grant receipts outstanding at 31st March 2019 are shown in Note 32.

b) Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of Members' Allowances paid in 2018/19 is shown in Note 29. During the financial year ended 31st March 2019, there were no material transactions between the Authority and its Members, other than the payment of Member Allowances. Details of all transactions are recorded in the Register of Members' Interest, open to public inspection at the Town Hall during office hours.

Members are required to disclose information regarding any material transactions between them and any other organisation in which they could exert control. During the financial year ended 31st March 2019, the only such transactions were with regard to the Leader of the Council and the establishment of Solway (Tamworth) Ltd, as detailed in paragraph (d) below.

c) Officers

During the financial year ended 31st March 2019, there were no material transactions between the Authority and its Chief Officers, other than the payment of officer salaries. The total of Senior Officers' Remuneration is shown in Note 30.

Senior Officers are required to disclose information regarding any material transactions between them and any other organisation in which they could exert control. During the financial year ended 31st March 2019, the only such transactions were with regard to the Chief Executive and the Executive Director Finance and the establishment of Solway (Tamworth) Ltd, detailed below.

d) Solway (Tamworth) Ltd

In line with plans set out in the Council's Commercial Investment Strategy, the above trading company was established in 2018. The company is wholly owned by the Council, with the Leader of the Council, Chief Executive, and Executive Director Finance established as Directors of the company. During 2019/20, it is intended that land owned by the Council at Solway Close will be disposed of and purchased by the company for the development of private housing for rent. The cost of approx. £3.6m will be financed via a loan from the Council to the company of £1.7m and equity investment of £1.9m as sole shareholder.

It is projected that the Council will earn a return to the General Fund from the company from the following sources:-

Debt interest charged to the company on the planned loan from the Council at a market interest rate; A return on equity invested through dividends; and repayment of the loan over approx. 30 years.

e) Staffordshire County Council, OPCC and Fire Authority Precepts.

Staffordshire County Council and OPCC Staffordshire, and Stoke on Trent and Staffordshire Fire and Rescue Authority, issue precepts on the Authority, as follows:

31st March 2018 £000	Precepts	31st March 2019 £000
24,100	Staffordshire County Council	25,951
3,821	Staffordshire Police Authority	4,128
1,509	Staffordshire Commissioner Fire and Rescue Authority	1,576
29,430	Total	31,655

During the year, there were 3 Councillors who were both a Member of the Council and Staffordshire County Council.

f) Staffordshire County Council

Under the Recycling Credit Scheme, the Authority also receives recycling credits from Staffordshire County Council. These are then paid over to the Joint Waste Unit under arrangements with Lichfield District Council.

31st March 2018 £000	Recycling Credit Scheme	31st March 2019 £000
(693)	Recycling Credits	(611)
(693)	Total	(611)

g) Joint Waste Management Services

The Authority's Joint Waste Service with Lichfield District Council was launched in July 2010, and a joint committee - 'Lichfield and Tamworth Waste Collection Services' - was established. The organisation provides waste and recycling services to approximately 73,000 properties across the two Authorities. Lichfield District Council is responsible for hosting the service including employment of staff.

The parties have an agreement in place for funding this operation with contributions to the agreed budget of **57.8%** from Lichfield District Council and **42.2%** from Tamworth Borough Council. The same proportions are used to meet any deficit or share any surplus arising on the operation's budget at the end of each financial year.

The revenue outturn of the Joint Waste Service for the year ended 31st March 2019 is as follows:

2017/18 £000	Joint Waste Arrangement Income / Expenditure	2018/19 £000
	Funding Provided to the Operation	
(1,275)	Contribution from Tamworth Borough Council	(863)
(1,750)	Contribution from Lichfield District Council	(1,187)
(3,025)	Total Funding Provided to the Operation	(2,050)
	Expenditure	
2,577	Employee Costs	2,618
4	Premises Related Expenses	2
1,229	Transport Costs	1,243
1,345	Supplies and Services	1,410
369	Central Support Costs	369
5,524	Total Expenditure	5,642
	Income	
(1,812)	Recycling Credits	(1,620)
(231)	Green Waste Service	(1,495)
(562)	Other Income	(479)
(2,605)	Total Income Received	(3,594)
2,919	Total Net Expenditure	2,048
	Net (Surplus)/Deficit arising on the pooled budget during the year	
(106)		(2)
42.16%	Tamworth Borough Council's share of Service	42.16%
(45)	Tamworth Borough Council's share of Net (Surplus)/Deficit	(1)

Lichfield District Council are the lead Authority for this arrangement, with the Tamworth Borough Council reimbursing Lichfield for services on the basis of a proportion of actual spend. For 2018/19, the cost of the arrangement to the Authority was £0.86m.

34. Capital Expenditure & Financing

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a Non Current Asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund or Housing Revenue Account to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax or housing rent.

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2017/18 £000	Capital Expenditure and Financing	2018/19 £000
68,983	Opening Capital Financing Requirement	68,925
	Capital Investment	
8,487	Property, Plant and Equipment	22,971
18	Heritage Assets	195
-	Investment Properties	6
114	Intangible Assets	139
641	Revenue Expenditure Funded from Capital under Statute	717
	Sources of Finance	
(562)	Capital receipts	(8,198)
(809)	Government grants and other contributions	(6,563)
(7,425)	Sums set aside from revenue - Direct Revenue Contributions	(8,714)
(58)	Sums set aside from revenue - Minimum Revenue Provision	(57)
(464)	Grants - Revenue Expenditure Funded from Capital Under Statute	(553)
68,925	Closing Capital Financing Requirement	68,868
	Explanation of movements in year:	
(58)	Increase in underlying need to borrow: Sums set aside from revenue - Minimum Revenue Provision	(57)
(58)	Increase/(Decrease) in Capital Financing Requirement	(57)

35. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

a) Authority as Lessee

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased Property, Plant and Equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

The Authority currently uses vehicles, plant and equipment financed under terms of an operating lease. The amount paid under these arrangements in 2018/19 was £273k (£329k – 2017/18). These leases have options for annual extensions beyond the original lease term, a number of these options are currently being taken up.

2017/18 £000	Minimum Lease Payments	2018/19 £000
329	Minimum lease payments	273
329	Total Minimum Lease Payments	273

The Authority was committed at 31st March 2019 to making payments of £775k under operating leases, comprising the following elements:

31st March 2018 £000	Operating Leases	31st March 2019 £000
256	Not later than one year	291
555	Later than one year not later than five years	484
811	Total Operating Leases	775

b) Authority as Lessor

i. Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (Long Term Debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The Authority has leased out property at the Ankerside Shopping Centre including car park, on a finance lease with a remaining term of 70 years.

The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the Long Term Debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding.

The gross investment is made up of the following amounts:

31st March 2018 £000	Assets Held for Leases (Lessor)	31st March 2019 £000
	Finance lease debtor (NPV of minimum lease payments)	
12,603	Non current	12,594
46,959	Unearned finance income	46,117
12	Unguaranteed residual value of property	12
59,574	Gross Investment in the Lease	58,723

The gross investment in the lease and the minimum lease payments will be received over the following periods:

Minimum Lease Payments 31st March 2018 £000	Gross Investment in the Lease 31st March 2018 £000	Minimum Lease Payments	Minimum Lease Payments 31st March 2019 £000	Gross Investment in the Lease 31st March 2019 £000
851	851	Not later than one year	851	851
3,404	3,404	Later than one year not later than five years	3,404	3,404
55,307	55,319	Later than five years	54,456	54,468
59,562	59,574	Total	58,711	58,723

The Authority does not set aside any amount for future uncollectable amounts. The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

ii. Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

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

- for the provision of community services, such as community centres; and
- for investment purposes to provide suitable affordable accommodation for local businesses.

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

31st March 2018 £000	Future Minimum Lease Payments	31st March 2019 £000
	Operating Leases	
1,096	Not later than one year	1,111
4,120	Later than one year not later than five years	4,235
54,609	Later than five years	52,476
59,825	Total	57,822

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

The minimum lease payments do not include cancellable rents received during the period, these amounted to £526k in 2018/19 (£441k – 2017/18). There were 12 void units at the 31st March 2019 (22 voids at the 31st March 2018).

36. Impairment Losses

Charges for impairment of £5.2m have been made during 2018/19. This amount reflects the expenditure on capital assets which has not produced a similar increase in the value of the assets.

Total HRA Capital Expenditure was £13.5m of which £4.2m related to improvements to bathrooms, kitchens, central heating, electrical upgrades and disabled adaptations; £1.6m related to the acquisition of 24 new properties to be used within the general need stock; with £6.6m spent on the regeneration of the Tinkers Green and Kerria sites. The impairment has been recognised as the advice of the Authority's internal valuer is that such improvements have not increased the overall value of the asset.

37. Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

There were 13 terminations of employee contracts during 2018/19.

38. Defined Benefit Pension Schemes

The pension costs included in these accounts have been determined in accordance with government regulations and IAS 19. The standard requires the full recognition of the pensions liability (and the movement of its constituent parts) in the Comprehensive Income and Expenditure Statement. These requirements are included within the accounts in accordance with CIPFA recommended practice.

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2013:

- i. The liabilities of the Staffordshire Local Government Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- ii. Liabilities are discounted to their value at current prices, using a discount rate of 2.7%.

This is based on an approach whereby a Corporate Bond yield curve is constructed based on the constituents of the iBoxx AA Corporate Bond Index.

Separate discount rates are then set (and corresponding RPI/CPI inflation assumptions) for individual employers, dependent on their own weighted average duration.

- iii. The assets of Staffordshire Local Government Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price;
 - unquoted securities – professional estimate;
 - unitised securities – current bid price;
 - property – market value.
- iv. The change in the net pensions liability is analysed into the following components:

Service Cost Comprising:

- **Current Service Cost:** The increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- **Past Service Cost:** The increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

- **Net Interest Cost:** net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

Expected Return on Plan Assets: excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure:

- **Actuarial Gains and Losses:** changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- **Contributions paid to the Staffordshire Local Government Pension Fund:** Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund and the Housing Revenue Account to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue Account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

a) Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in two post employment schemes:

- The Local Government Pension Scheme, administered locally by Staffordshire County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

b) Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported Cost of Services 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 post employment / retirement benefits is reversed out of the General Fund (and HRA) via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement

Local Government Pension Scheme 2017/18 £000	Discretionary Benefit Arrangements 2017/18 £000	Defined Benefit Pension Schemes	Local Government Pension Scheme 2018/19 £000	Discretionary Benefit Arrangements 2018/19 £000
		Comprehensive Income and Expenditure Statement:		
		Service Cost Comprising:		
3,191	66	Current service costs	3,069	69
17	-	Past service costs	718	-
		Financing and Investment Income and Expenditure		
3,219	-	Interest costs	3,388	-
(2,098)	-	Expected return on scheme assets	(2,229)	-
4,329	66	Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services	4,946	69
		Remeasurement of the Net Defined Benefit Liability Comprising:		
206	34	Return on plan assets (excluding amounts included in net interest expense)	(4,527)	91
(2,320)	-	Actuarial gains and losses on changes in financial assumptions	10,066	-
10	-	Other	46	-
2,225	100	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	10,531	160

Movement in Reserves Statement

Local Government Pension Scheme 2017/18 £000	Discretionary Benefit Arrangements 2017/18 £000	Defined Benefit Pension Schemes	Local Government Pension Scheme 2018/19 £000	Discretionary Benefit Arrangements 2018/19 £000
(2,225)	(100)	Movement in Reserves Statement: Reversal of net charges made to the (Surplus) or Deficit on the Provision of Services for post employment benefits in accordance with the code	(10,531)	(160)
2,046	-	Actual amount charged against the General Fund Balance for pensions in the year: Employers' contributions payable to the scheme	2,474	-
-	66	Retirement benefits payable to pensioners	-	69
(179)	(34)	Total Movement in Reserves Statement	(8,057)	(91)

Under the Housing Repairs contract, a separate pension scheme is operated for staff transferred as part of a TUPE arrangement.

c) Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

Local Government Pension Scheme 2017/18 £000	Pensions Assets and Liabilities Recognised in the Balance Sheet	Local Government Pension Scheme 2018/19 £000
125,028	Present Value of the Defined Benefit Obligation	139,623
(83,155)	Fair Value of Plan Assets	(88,762)
41,873	Net Liability Arising From Defined Benefit Obligation	50,861

d) Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

Local Government Pension Scheme 2017/18 £000	Reconciliation of Fair Value of Scheme Assets	Local Government Pension Scheme 2018/19 £000
80,208	Balance at 1st April 2018	83,155
2,098	Interest Income on Plan Assets	2,229
(240)	Return on Assets excluding amounts included in net interest	4,436
3,865	Employer contributions	1,634
544	Contributions by scheme participants	538
(3,320)	Benefits paid	(3,230)
66	Contributions in respect of unfunded benefits	69
(66)	Unfunded benefits paid	(69)
83,155	Balance at 31st March 2019	88,762

e) Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Local Government Pension Scheme 2017/18 £000	Discretionary Benefit Arrangements 2017/18 £000	Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)	Local Government Pension Scheme 2018/19 £000	Discretionary Benefit Arrangements 2018/19 £000
122,547	1,140	Balance at 1st April 2018	123,920	1,108
3,257	-	Current service costs	3,138	-
3,219	-	Interest Cost on Defined Benefit Obligation	3,388	-
544	-	Plan Participants Contributions	538	-
(2,354)	34	Changes in Financial Assumptions	9,975	91
10	-	Other Experience	46	-
(3,320)	(66)	Benefits paid	(3,230)	(69)
17	-	Past service costs	718	-
123,920	1,108	Balance at 31st March 2019	138,493	1,130

f) Local Government Pension Scheme Assets Comprised:

The asset values shown below are at bid value as required under IAS19.

As at 31st March 2018				Fair Value of Employers Assets	As at 31st March 2019			
Quoted Prices in Active Markets £000	Quoted Prices Not in Active Markets £000	Total £000	Percentage of Total Assets %		Quoted Prices in Active Markets £000	Quoted Prices Not in Active Markets £000	Total £000	Percentage of Total Assets %
				Equity Securities				
3,603.9	-	3,603.9	4.3	Consumer	4,041.7	-	4,041.7	4.5
3,472.8	-	3,472.8	4.2	Manufacturing	3,180.9	-	3,180.9	3.5
1,018.2	-	1,018.2	1.2	Energy & Utilities	1,317.3	-	1,317.3	1.5
				Financial				
3,375.0	-	3,375.0	4.1	Institutions	3,212.5	-	3,212.5	3.6
2,461.7	-	2,461.7	3.0	Health Care	2,917.9	-	2,917.9	3.3
				Information				
2,355.7	-	2,355.7	2.8	Technology	2,483.2	-	2,483.2	2.8
90.2	-	90.2	0.1	Other	82.8	-	82.8	0.1
				Debt Securities				
				Corporate Bonds (Investment Grade)	6,900.0	-	6,900.0	7.7
				Private Equities				
-	2,428.0	2,428.0	2.9	All	-	3,172.6	3,172.6	3.5
				Real Estate				
-	6,432.8	6,432.8	7.7	UK Property	-	8,172.6	8,172.6	9.1
				Investment Funds & Unit Trusts				
39,297.6	-	39,297.6	47.2	Equities	39,403.7	-	39,403.7	44.0
4,893.1	-	4,893.1	5.9	Bonds	6,819.1	-	6,819.1	7.6
-	1,460.0	1,460.0	1.8	Hedge Funds	-	1,633.8	1,633.8	1.8
-	2,145.4	2,145.4	2.6	Other	-	3,516.1	3,516.1	3.9
				Cash & Cash Equivalents				
3,811.2	-	3,811.2	4.6	All	2,809.8	-	2,809.8	3.1
70,688.8	12,466.2	83,155.0	100.0	Total Assets	73,168.9	16,495.1	89,664.0	100.0

g) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2019. The significant assumptions used by the actuary have been:

Local Government Pension Scheme 2017/18	Discretionary Benefit Arrangements 2017/18	Assumptions	Local Government Pension Scheme 2018/19	Discretionary Benefit Arrangements 2018/19
		Long-term expected rate of return on assets in the scheme:		
2.70%	-	Equity Investments	2.40%	-
2.70%	-	Bonds	2.40%	-
2.70%	-	Property Managed Funds	2.40%	-
2.70%	-	Cash	2.40%	-
2.70%	-	Other	2.40%	-
		Mortality assumptions (in years):		
		Longevity at 65 for current pensioners:		
22.1	22.1	Men	22.1	22.1
24.4	24.4	Women	24.4	24.4
		Longevity at 65 for future pensioners:		
24.1	24.1	Men	24.1	24.1
26.4	26.4	Women	26.4	26.4
2.40%	2.40%	CPI Rate	2.50%	2.50%
2.80%	2.80%	Rate of increase in salaries	2.90%	2.90%
2.40%	2.40%	Rate of increase in pensions	2.50%	2.50%
2.70%	2.70%	Rate for discounting scheme liabilities	2.40%	2.40%
50%/75%	-	Take-up of option to convert annual pension into retirement lump sum	50%/75%	-

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be inter related. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from that used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme		Change in Assumptions at 31st March 2019	Impact on the Defined Benefit Obligation in the Scheme	
Approx. % Increase to Liability 2017/18 %	Approx. Monetary Value 2017/18 £000		Approx. % Increase to Liability 2018/19 %	Approx. Monetary Value 2018/19 £000
10.00%	12,071	0.5% Decrease in Real Discount Rate	10.00%	13,855
3.00% to 5.00%	4,947 to 8,245	1 Year in Member Life Expectancy	3.00% to 5.00%	5,466 to 9,110
1.00%	1,649	0.5% Increase in the Salary Increase Rate	1.00%	1,822
8.00%	10,275	0.5% Increase in the Pension Increase Rate	8.00%	11,813

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31st March 2020 is £1.3m (£1.4m – 2018/19).

39. Contingent Liabilities

A Contingent Liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent Liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent Liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

The Authority has included a provision – detailed in Note 22 – relating to Business Rate appeals outstanding as at 31st March 2019.

Local businesses can appeal against the Rateable Value on the 2010 Rating list under limited circumstances and can also appeal against the Rateable Value on the 2017 Rating List. The 2017 Rating List is subject to a fresh approach to appeals known as "Check, Challenge & Appeal" (CCA) which means that before an appeal is made the Rateable Value may be amended upon negotiation between the Valuation Office and the ratepayer (or their agents). This process will inevitably lead to a delay in appeals being made.

It is difficult to estimate the likelihood of businesses both submitting and being successful with an appeal and the Authority has therefore made provision in the accounts based on professional advice from independent valuers. However, the level of historic appeals together with the average level of success and savings in Rateable Value is shown for the 2005, 2010 and 2017 lists below:

Indicator	2005 List	2010 List	2017 List	Total
A Total of original Rateable Values resolved	£115.98m	£137.08m	£0.64m	£253.70m
B Total original Rateable Value of successful check/challenge/appeal	£52.02m	£41.78m	£	£93.82m
Average success rate (% of RV) (B/A)	44.85%	30.48%	2.65%	36.98%
C Total revised Rateable Value of successful check/challenge/appeal	£47.64m	£37.37m	£0.01M	£85.02m
D Total reduction in Rateable Value (C-B)	£4.39m	£4.41m	£-	£8.80m
Average % reduction in Rateable Value (D/B)	8.43%	10.56%	25.00%	9.38%
E Years the List has been active	5	7	2	-
F Average annual reduction in Rateable Value (D/E)	£0.88m	£0.63m	n/a	-
G Standard Business Rate Multiplier in 2019/20	50.4p	50.4p	50.4p	50.4p
H Average annual cost of reduction based on 2019/20 Multiplier (FxG)	£0.442m	£0.318m	£0.001M-	£0.761m
District Council Share at 40% (Hx0.4)	£0.177m	£0.127m	£-	£0.304m
I Appeals outstanding 31/03/19	£0.08m	£100.38m	£0.95m-	£101.41m
J Provision included	£-	£1.31m	£3.21m	£4.52m
Provision as a % of Appeals outstanding (J/I)	4.71%	1.30%	339.21%	4.46%

40. Nature & Extent of Risks Arising from Financial Instruments

Key Risks

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

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Re-financing risk** - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services and is based on the framework set out in the Local Government Act 2003 and associated regulations.

As directed by the Act, the Authority has formally adopted the CIPFA Treasury Management Code of Practice and complies with the CIPFA Prudential Code. As part of the adoption of the Treasury Management Code, the Authority approves a Treasury Management Strategy before the commencement of the year to which it relates, this strategy sets out the parameters for the management of risks associated with financial instruments.

The Treasury Management Strategy for 2018/19 (including the Annual Investment Strategy) was approved by Full Council on 21st February 2018 and is available on the Authority's website.

The strategy also includes an Annual Investment Strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

Risk management is carried out by a central treasury team, under policies approved by the Authority in the annual Treasury Management Strategy. The Authority provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).

a) Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which is available on the Authority's website.

Credit Risk management Practices

The authority's credit risk management practices are set out in the Annual Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Authority uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Authority's maximum exposure to credit risk in relation to its investments in financial institutions of £65m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31st March 2019 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses

Credit Risk Exposure

The Authority has assessed its short and long term investments and concluded that the expected credit loss is not material therefore no allowances have been made.

A summary of the credit quality of the Council's investments at 31st March 2019 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and uncollectability.

Credit Risk	Amount at 31st March 2019 £000 A	Historical Experience of Default % B	Historical Experience Adjusted for Market Conditions at 31st March 2019 % C	Estimated Maximum Exposure to Default and Uncollectability at 31st March 2019 £000 (A x C)	Estimated Maximum Exposure at 31st March 2018 £000
AA rated counterparties	12,000	-	-	-	-
A rated counterparties	48,003	0.014%	0.014%	7	23
BBB rated counterparties	-	-	-	-	13
Caa rated counterparties	24	18.82%	18.82%	5	6
Trade Debtors	1,877	93.82%	93.82%	1,761	1,802
Total	61,904	-	-	1,773	1,844

The Authority does not generally allow credit for customers, such that £1.9m is past its due date for payment. The past due amount as at 31st March 2019 but not impaired amount can be analysed by age as follows:

31st March 2018 £000	Arrears	31st March 2019 £000
288	Less than six months	245
207	Six months to one year	143
265	More than one year	235
1,257	More than two years	1,254
2,017	Total	1,877

The Authority initiates a legal charge on property where, for instance, works have to be carried out in default but those responsible cannot afford to pay immediately. The total collateral at 31st March 2019 was £46.3k (£47.2k – 2017/18).

b) Liquidity Risk

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Authority has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial assets, excluding sums due from customers, is as follows:

31st March 2018		Financial Assets	31st March 2019	
Average Rate %	Amount £000		Average Rate %	Amount £000
0.63%	51,128	Less than one year	0.99%	60,216
0.63%	51,128	Total	0.99%	60,216

All trade and other payables are due to be paid in less than one year – debtors of £1.9m are not included in the table above.

c) Refinancing and Maturity Risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved Council in the Treasury Management Strategy):

31st March 2018 Average		Financial Liabilities	Approved Minimum Limits	Approved Minimum Limits	31st March 2019 Average	
Rate %	Amount £000				Rate %	Amount £000
4.05%	63,371	PWLB			4.05%	63,371
-	-	Other Lenders			-	-
4.05%	63,371	Total			4.05%	63,371
-	311	Less than one year (Interest Due)	0%	20%	-	311
-	-	Less than one year	0%	20%	-	-
-	-	Maturing in 1 - 2 years	0%	20%	-	-
-	-	Maturing in 2 - 5 years	0%	25%	-	-
-	-	Maturing in 5 - 10 years	0%	75%	-	-
4.25%	1,000	Maturing in 10 - 15 years	0%	100%	4.25%	1,000
4.05%	62,060	Maturing in over 15 years	0%	100%	4.05%	62,060
4.05%	63,371	Total			4.05%	63,371

d) Market Risk

i) Interest Rate Risk

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods.

For instance, a rise in variable and fixed interest rates would have the following effects:

- **Borrowings at variable rates:** The interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- **Borrowings at fixed rates:** The fair value of the borrowing will fall (no impact on revenue balances);
- **Investments at variable rates:** The interest income credited to the Comprehensive Income and Expenditure Statement will rise; and

- **Investments at fixed rates:** The fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the (Surplus) or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in Interest Payable and Receivable on variable rate borrowings and investments will be posted to the (Surplus) or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants (i.e. HRA). Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Authority's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs. As at 31st March 2019, the Authority had no variable rate debt or investments. There would therefore be no material impact if all interest rates had been higher or lower during the year.

ii) Price Risk

The Council holds £3.8m in property funds, and their price varies. However, any movements in price will not impact on the General Fund Balance as regulations are in force to ameliorate the impact of fair value movements.

e) Impairment of Financial Assets – Deposits with Icelandic Banks

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander (KSF) went into administration.

The Authority had £7.5m deposited across 3 of these institutions, with varying maturity dates and interest rates as follows:

Bank	Date Invested	Maturity Date	Amount Invested £	Interest Rate %	Carrying Amount £	Principal Default %
Glitnir	10/10/2007	09/10/2008	1,000,000	6.28	-	-
Glitnir	31/08/2007	28/08/2009	1,000,000	6.55	-	-
Glitnir	14/12/2007	12/12/2008	1,000,000	6.16	-	-
KSF	31/08/2008	09/08/2010	1,000,000	6.69	8,055	13.5%
KSF	31/10/2007	29/10/2008	1,000,000	6.16	7,934	13.5%
KSF	14/01/2008	14/10/2010	1,000,000	5.90	7,825	13.5%
Heritable	12/09/2008	13/10/2008	500,000	5.38	-	2%
Heritable	15/09/2008	22/10/2008	1,000,000	5.45	-	2%
Total			7,500,000	-	23,814	-

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Authority will be determined by the administrators / receivers.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available the Authority considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years.

Glitnir Bank hf

Glitnir Bank hf is an Icelandic entity. The Icelandic Supreme Court decision to grant UK local authorities priority status, enabled the winding up board to make a distribution to creditors in a basket of currencies in March 2012.

An element of the distribution was in Icelandic Krona which was placed in an ESCROW account in Iceland. This element of the distribution was retained in Iceland due to currency controls currently operating there and as a result was subject to exchange rate risk, over which the Authority had no control.

On 27th June 2017, the Authority received repayment of the Icelandic Bank Glitnir deposit held in escrow.

Kaupthing Singer and Friedlander Ltd (KSF)

The current position is as shown in the table above. The Authority has decided to recognise an impairment based on it recovering 86.50p in the £.

Heritable Bank

Heritable bank is a UK registered bank under Scottish law. The company was placed in administration on 7th October 2008. The Authority has calculated the impairment based on recovering 98p in the £.

41. Prior Period Restatement of Service Expenditure and Income

The following table shows how the net expenditure and income for 2017/18 has been restated (within the CIES on page 22) following the Senior Management Restructure..

CIES	Chief Executive	Executive Director Corporate Services	Director of Finance	Solicitor to the Council	Corporate Director Technology and Corporate Programmes	Corporate Director Transformation and Corporate Performance	Director of Communities, Planning and Partnerships	Director of Growth, Assets and Environment (GF)	Director Housing and Health (GF)	Director of Growth, Assets and Environment (HRA)	Director Housing and Health (HRA)	HRA Summary	Housing Repairs	Cost of Services
Chief Executive	118	113	-	133	-	-	-	1,127	-	-	-	-	-	1,491
Assistant Director Growth and Regeneration	-	-	-	-	-	-	-	1,143	-	-	-	-	-	1,143
Executive Director Organisation (GF)	-	-	-	361	-	86	-	-	-	-	-	-	-	447
Assistant Director People	-	-	-	-	863	932	-	-	-	-	-	-	-	1,795
Assistant Director Operations and Leisure (GF)	-	-	-	-	-	19	-	2,858	226	-	-	-	-	3,103
Executive Director Finance	-	95	-	-	-	-	-	-	-	-	-	-	-	95
Assistant Director Finance	-	108	1,151	-	-	-	-	-	-	-	-	-	-	1,259
Assistant Director Assets (GF)	-	-	-	-	-	-	-	575	-	-	-	-	-	575
Assistant Director Neighbourhoods (GF)	-	-	-	-	25	-	-	581	603	-	-	-	-	1,209
Assistant Director Partnerships	-	-	-	41	-	-	1	135	1,578	-	-	-	-	1,755
HRA Summary	-	-	-	-	-	-	-	-	-	-	-	(11,002)	-	(11,002)
Assistant Director Operations and Leisure (HRA)	-	-	-	-	-	-	-	-	-	-	541	-	-	541
Assistant Director Assets (HRA)	-	-	-	-	-	-	-	-	-	(42)	381	-	-	339
Assistant Director Neighbourhoods (HRA)	-	-	-	-	-	-	-	-	-	-	3,596	-	-	3,596
Housing Repairs	-	-	-	-	-	-	-	-	-	-	-	-	2,698	2,698
Net Cost of Services	118	316	1,151	535	888	1,037	1	6,419	2,407	(42)	4,518	(11,002)	2,698	9,044

Approval of Accounts

I confirm that these accounts were approved by the Audit and Governance Committee at the meeting held on 25th July 2019

Signed on behalf of Tamworth Borough Council

Councillor M. Summers, Chair of the Audit and Governance Committee

Dated 25th July 2019

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Executive Director Finance.

Housing Revenue Account

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Authority charges rents to cover expenditure in accordance with legislative framework; this may be different from accounting cost. The increase or decrease in the year, on the basis which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2017/18 £000	HRA Comprehensive Income and Expenditure Statement	2018/19	
		£000	£000
	Expenditure:		
3,079	Repairs and Maintenance	4,119	
6,311	Supervision and Management	6,870	
76	Rents, rates, taxes and other charges	46	
7,069	Depreciation and impairment of Non Current Assets	7,393	
20	Debt management costs	18	
152	Movement in the allowance for bad debts	154	
16,707	Total Expenditure		18,600
	Income:		
(17,739)	Dwelling rents	(17,581)	
(371)	Non dwelling rents	(381)	
(768)	Charges for services and facilities	(797)	
(1,666)	Contributions towards expenditure	(1,739)	
-	HRA Subsidy receivable	-	
(20,544)	Total Income		(20,498)
(3,837)	Net Expenditure of HRA Services as included in the Comprehensive Income and Expenditure Statement		(1,898)
9	HRA services' share of Corporate and Democratic Core		14
(3,828)	Net Expenditure / (Income) for HRA Services		(1,884)
	HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement:		
(640)	(Gain) or loss on sale of HRA Non Current Assets	(466)	
2,632	Interest payable and similar charges	2,708	
(124)	Interest and investment income	(201)	
253	Pensions interest cost and expected return on pensions assets	273	
(246)	Capital grants and contributions receivable	(4,200)	
(1,953)	(Surplus) or Deficit for the Year on HRA Services		(3,770)

Statement of Movement on the HRA Balance

2017/18 £000	Statement of Movement on the HRA Balance	2018/19 £000	£000
6,353	Balance on the HRA at the end of the previous year		6,824
1,953	Surplus or (Deficit) for the year on the HRA Income and Expenditure Statement	3,770	
(1,379)	Adjustments between accounting basis and funding basis under statute	(4,705)	
574	Net Increase or (Decrease) before transfers to or from reserves	(935)	
(103)	Transfers (to) / from Reserves	(1,404)	
471	Increase or (Decrease) on the HRA		(2,339)
6,824	Balance on the HRA at 31st March 2019		4,485

Analysis of Adjustments

2017/18 £000	Analysis of Adjustments	2018/19 £000
(13)	Difference between any other item of income and expenditure determined in accordance with the code and determined in accordance with HRA requirements	(8)
(640)	Gain or loss on sale of HRA Non Current Assets	(467)
530	HRA share of contributions to or from the Pensions Reserve	598
(3,569)	Capital expenditure funded by the HRA	(3,540)
(246)	Capital Grants and Contributions Applied;	(4,200)
(4,510)	Transfer to / from the Major Repairs Reserve	(4,482)
7,069	Transfer to / from the Capital Adjustment Account	7,394
(1,379)	Total Adjustments Between Accounting Basis and Funding Basis Under Statute	(4,705)

NOTES TO THE HRA

HRA1. Number & Type of Dwelling

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

	Houses and Bungalows	High and Medium Rise Flats	Low Rise Flats	Total
Housing Stock as at 1st April 2018	2,732	664	873	4,269
Demolitions	-	-	(36)	(36)
Sales	(24)	(1)	(3)	(28)
Purchases	9	2	8	19
Housing Stock as at 31st March 2019	2,717	665	842	4,224

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.

HRA2. Vacant possession value of dwellings

The Vacant Possession Valuation as at 31st March 2019 is £444.9m (31st March 2018 Vacant Possession Value was £428.2m).

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 benefiting from sub-market rents. This reflects the economic cost to the Government of providing council housing at less than open market value.

Council dwellings are held on the Balance Sheet at Existing Use Value Social Housing (EUV-SH) which for 2018/19, a nationally set adjustment factor for the West Midlands of 40% of vacant possession value has been used (40% - 2017/18).

Existing Use Social Housing Value of Dwellings

Movement in 2018/19	EUV-SH Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Asset Under Construction £000	Total £000
Cost or Valuation					
As at 1st April 2018	172,392	3,798	7	1,111	177,308
Additions;	6,659	-	11	6,806	13,476
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	(7,979)	(10)	-	-	(7,989)
Revaluation increases/ (decreases) recognised in the Revaluation Reserve;	7,834	10	-	-	7,844
Revaluation increases/ (decreases) recognised in the (Surplus) or Deficit on the Provision of Services;	697	-	-	-	697
Derecognition - Disposals.	(1,932)	-	-	-	(1,932)
Other movements in cost or valuation	308	-	-	(308)	-
As at 31st March 2019	177,979	3,798	18	7,609	189,404
Accumulated Depreciation & Impairment					
As at 1st April 2018	(621)	(1)	-	-	(622)
Depreciation Charge;	(2,758)	(102)	-	-	(2,860)
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	7,979	10	-	-	7,989
Impairment losses/ (reversals) recognised in the (Surplus) or Deficit on the Provision of Services;	(5,231)	-	-	-	(5,231)
Derecognition - disposals.	631	-	-	-	631
As at 31st March 2019	-	(93)	-	-	(93)
Net Book Value					
As at 1st April 2018	171,771	3,797	7	1,111	176,686
As at 31st March 2019	177,979	3,705	18	7,609	189,311
Nature of holdings at year end Owned	177,979	3,705	18	7,609	189,311

HRA3. Movement on the Major Repairs Reserve (MRR)

The Major Repairs Reserve represents the long term average amount of capital spending required to maintain the stock in its current condition.

The Capital Expenditure shown was spent on maintaining council dwellings.

2017/18 £000	Major Repairs Reserve	2018/19 £000
2,521	Balance at 1st April 2018	3,477
4,510	Contributions to the Major Repairs Reserve	4,482
(3,554)	Capital Spending on Dwellings	(4,998)
3,477	Balance at 31st March 2019	2,961

The contribution in 2018/19 includes depreciation of £2.7m and a further revenue contribution to capital outlay of £1.6m.

HRA4. Capital Expenditure Summary

The following table details how £13.5m Capital Expenditure was financed during the year.

2017/18 £000	Capital Expenditure	2018/19 £000
	Capital Expenditure Type:	
5,528	Dwellings	6,659
-	Land	-
7	Plant, Vehicles and Equipment (PVE)	11
2,128	Assets Under Construction	6,806
7,663	Total Capital Expenditure	13,476
	Funded by:	
294	Usable capital receipts	738
3,569	Revenue contributions	3,540
246	External grants and contributions	4,200
3,554	Major Repairs Reserve	4,998
7,663	Total Funding	13,476

HRA5. Capital Receipts

During the year capital receipts totalling £1.8m were received in respect of dwellings sold, of which £0.4m was repaid to DCLG under the pooling regime. The un-pooled element of capital receipts are retained for financing housing capital investment and regeneration works.

2017/18 £000	Capital Receipts	2018/19 £000
2,624 (422)	Sale of dwellings under Right to Buy Amounts pooled to Central Government	1,803 (418)
2,202	Net Capital Receipts	1,385

HRA6. Depreciation & Impairment Charges

Council Dwellings are depreciated on a straight line basis over the period of their useful economic life. The charge for the year was £2.7m.

The charge for depreciation of £0.1m on non council dwellings has been calculated on a straight line basis over the period of their useful economic life.

Charges for impairment of £5.2m have been made during 2018/19. This amount reflects the expenditure on capital assets which has not produced a similar increase in the value of the assets.

HRA7. HRA Pensions Reserve

2017/18 £000	Pensions	2018/19 £000
667	Difference between current service cost of pensions and past service cost in accordance with IAS 19 and actual employers' contributions	723
727	Interest on share of pensions liability	797
(474)	Expected return on share of assets	(524)
920	Total	996

HRA8. Rent Arrears

Restated 2017/18 £000	Rent Arrears	2018/19 £000
1,683	Gross arrears	1,838
9.5%	Gross arrears as percentage of gross rent income	10.5%

Of the rent arrears, 50.6% (51.6% - 2017/18) refer to former tenants.

Restated 2017/18 £000	Provision for Bad Debts	2018/19 £000
1,324	Rent Arrears	1,370
152	Balance at 1st April 2018	156
(106)	Contribution from / (to) HRA in year	(40)
	Written off in year	
1,370	As at 31st March 2019	1,486
28	Sundry Debtors	28
-	Balance at 1st April 2018	(2)
	Contribution from / (to) HRA in year	
28	Balance at 31st March 2019	26
1,398	Total Provision for Bad Debts	1,512

Collection Fund

The Collection Fund statement shows the transactions of the Authority, as billing authority, in relation to the collection of Council Tax income on behalf of Staffordshire County Council, the OPCC, the Staffordshire Commissioner Fire and Rescue Authority and this Authority's General Fund together with non-domestic rates collected on behalf of the Government, Staffordshire County Council, the Staffordshire Commissioner Fire and Rescue Authority and this Authority's General Fund.

2017/18 Council Tax £000	2017/18 NDR £000	2017/18 Total £000	Collection Fund Income and Expenditure Statement	2018/19 Council Tax £000	2018/19 NDR £000	2018/19 Total £000
(33,921)	-	(33,921)	INCOME			
9	-	9	Income from Council Tax	(36,280)	-	(36,280)
-	(33,982)	(33,982)	Transfers from General Fund - Council Tax benefits	(1)	-	(1)
			Income collectable from business ratepayers	-	(35,211)	(35,211)
(33,912)	(33,982)	(67,894)	Total Income	(36,281)	(35,211)	(71,492)
			EXPENDITURE			
			Precepts			
3,517	-	3,517	- Tamworth Borough Council	3,682	-	3,682
3,821	-	3,821	- OPCC Staffordshire	4,128	-	4,128
1,509	-	1,509	- Staffordshire Commissioner Fire and Rescue Authority	1,576	-	1,576
24,100	-	24,100	- Staffordshire County Council	25,951	-	25,951
			Business rates			
-	13,253	13,253	- Tamworth Borough Council	-	13,095	13,095
-	16,567	16,567	- Central Government	-	16,368	16,368
-	331	331	- Staffordshire Commissioner Fire and Rescue Authority	-	327	327
-	2,982	2,982	- Staffordshire County Council	-	2,946	2,946

2017/18 Council Tax £000	2017/18 NNDR £000	2017/18 Total £000	Collection Fund Income and Expenditure Statement	2018/19 Council Tax £000	2018/19 NNDR £000	2018/19 Total £000
-	91	91	Costs of Collection	-	90	90
			Bad and Doubtful Debts			
129	59	188	- Provisions	228	189	417
-	(24)	(24)	- Provision for appeals	-	1,140	1,140
			Distribution of previous year's surpluses/deficits			
81	338	419	- Tamworth Borough Council	80	(222)	(142)
89	-	89	- OPCC Staffordshire	87	-	87
35	8	43	- Staffordshire Commissioner Fire and Rescue Authority	35	(6)	29
545	76	621	- Staffordshire County Council	549	(50)	499
-	423	423	- Central Government	-	(278)	(278)
33,826	34,104	67,930	Total Expenditure	36,316	33,599	69,915
(86)	122	36	(Surplus)/ Deficit for the year	35	(1,612)	(1,577)
(1,368)	(812)	(2,180)	Fund Balance Brought Forward	(1,454)	(690)	(2,144)
(1,454)	(690)	(2,144)	Fund Balance at 31st March 2019	(1,419)	(2,302)	(3,721)
			Analysis of Fund Balance (Surplus)/ Deficit			
(153)	(276)	(429)	- Tamworth Borough Council	(147)	(921)	(1,068)
(169)	-	(169)	- OPCC Staffordshire	(172)	-	(172)
(66)	(7)	(73)	- Staffordshire Commissioner Fire and Rescue Authority	(63)	(23)	(86)
(1,066)	(62)	(1,128)	- Staffordshire County Council	(1,037)	(207)	(1,244)
-	(345)	(345)	- Central Government	-	(1,151)	(1,151)
(1,454)	(690)	(2,144)	Total	(1,419)	(2,302)	(3,721)

NOTES TO THE COLLECTION FUND

CF 1. NNDR Rateable Value

The rateable value of Non Domestic properties in the Borough as at 31st March 2019 was £81,360,062 (£81,531,830 at 31st March 2018).

The NNDR multiplier for 2018/19 was 49.3p in the pound (47.9p – 2017/18). The qualifying small business multiplier for 2018/19 was 48.0p in the pound (46.6p – 2017/18).

CF 2. Council Tax Base Calculation

The Council base was as follows:

Number of Chargeable Properties	Adjusted Property Base (Band D Equivalent)	Calculation of Ctax Base	Number of Chargeable Properties	Adjusted Property Base (Band D Equivalent)
2017/18	2017/18		2018/19	2018/19
		Valuation Band (Multiplier)		
22	12	A - Disabled Relief Reduction (5/9)	20	11
8,106	5,404	A - (6/9)	8,137	5,425
10,628	8,266	B - (7/9)	10,729	8,345
5,033	4,474	C - (8/9)	5,100	4,533
3,359	3,359	D - (9/9)	3,455	3,455
1,665	2,035	E - (11/9)	1,637	2,001
399	576	F - (13/9)	411	594
61	102	G - (15/9)	63	105
2	5	H - (18/9)	2	4
	(2,688)	LCTS ADJUSTMENT		(2,575)
29,275	21,545	Totals	29,554	21,898
	97.90%	Assumed Collection Rate		97.90%
	21,093	Total Taxbase		21,438

CF 3. Authorities making precepts or demands on the fund

Council Tax

Precept 2017/18 £	Distribution of Previous Years Estimated Surplus/ (Deficit) 2017/18 £	Total Movement on the Collection Fund 2017/18 £	Precepts Analysis	Precept 2018/19 £	Distribution of Previous Years Estimated Surplus/ (Deficit) 2018/19 £	Total Movement on the Collection Fund 2018/19 £
3,517,258	153,485	3,670,743	Tamworth Borough Council	3,681,977	147,220	3,829,197
3,821,217	169,299	3,990,516	OPCC Staffordshire	4,128,101	172,180	4,300,281
1,509,415	65,792	1,575,207	Staffordshire Commissioner Fire and Rescue Authority	1,576,336	63,027	1,639,363
24,099,608	1,066,063	25,165,671	Staffordshire County Council	25,951,128	1,037,429	26,988,557
32,947,498	1,454,639	34,402,137	Total	35,337,542	1,419,856	36,757,398

NNDR

Business Rates 2017/18 £	Distribution of Previous Years Estimated Surplus/ (Deficit) 2017/18 £	Total Movement on the Collection Fund 2017/18 £	Precepts Analysis	Business Rates 2018/19 £	Distribution of Previous Years Estimated Surplus/ (Deficit) 2018/19 £	Total Movement on the Collection Fund 2018/19 £
13,253,351	276,245	13,529,596	Tamworth Borough Council	13,094,597	920,824	14,015,421
331,334	6,906	338,240	Staffordshire Commissioner Fire and Rescue Authority	327,365	23,020	350,385
2,982,004	62,156	3,044,160	Staffordshire County Council	2,946,284	207,187	3,153,471
16,566,688	345,303	16,911,991	Central Government	16,368,246	1,151,027	17,519,273
33,133,377	690,610	33,823,987	Total	32,736,492	2,302,058	35,038,550

CF 4. NNDR credits

NNDR credit accounts relate to credit balances in the Collection Fund which could not be repaid to the businesses concerned as they cannot be traced, have not responded to efforts made to repay funds or no longer exist.

The amount of £11k has been transferred to the General Fund during 2018/19.

CF 5. Bad and Doubtful Debts

The following provisions and write offs were made in the year:

2017/18 £000	Provision for Bad Debts	2018/19 £000
1,223	Council Tax	
129	Balance at 1st April 2018	1,234
(118)	Increase /(decrease) in provision	228
	Written off in year	(233)
1,234	As at 31st March 2019	1,229
1,026	Business Rates	
59	Balance at 1st April 2018	733
(352)	Increase /(decrease) in provision	189
	Written off in year	(380)
733	As at 31st March 2019	542

CF 6. Appeals – Business Rates

The following provisions and settlements were made in the year:

2017/18 £000	Provision for Appeals	2018/19 £000
4,742	Business Rates	
(24)	Balance at 1st April 2018	3,843
(875)	Increase /(decrease) in provision	1,140
	Resolved in year	(464)
3,843	As at 31st March 2019	4,519

Annual Governance Statement 2018/19

What is Governance?

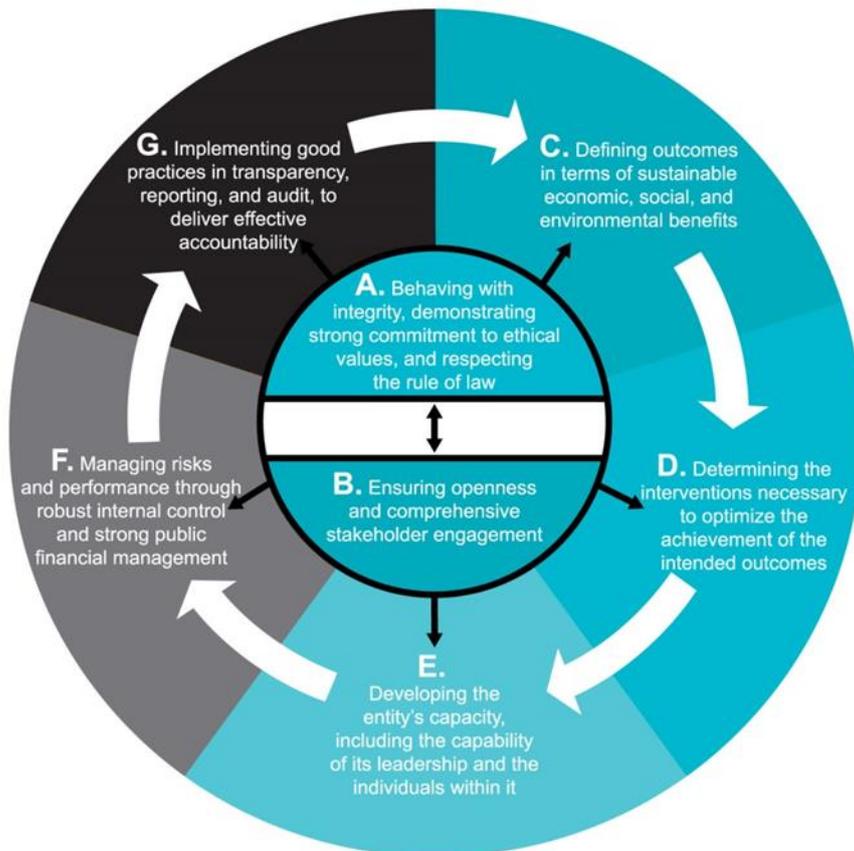
Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

To deliver good governance in the Authority, both governing bodies (Members) and individuals working for the Authority must try to achieve the Authority's objectives whilst acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

The Core Principles of Good Governance

The diagram below, taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC. 2014) (the "International Framework"), illustrates the various principles of good governance in the public sector and how they relate to each other.



Responsibility

The Authority is responsible for ensuring that its business is completed in line with the law and statutory legislation, and that public money is spent wisely and properly accounted for. We will ensure that we continually improve the way we provide our services whilst taking into account value for money.

We will ensure that we put in place proper arrangements to ensure our risks are managed, and that controls and the governance process are in place.

We have approved and adopted a Code of Corporate Governance which is consistent with principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The Code demonstrates the supporting principles which underpin the core principles and identifies the assurance as outlined in the Framework. It also demonstrates what level of assurance we get and thus, identifies any areas for improvement. This forms the assurance framework for good governance and demonstrates that we know our governance arrangements are working. Links to all supporting evidence identified in the assurance framework are contained within the Code of Corporate Governance and are not repeated in this statement. The Code of Corporate Governance document is available on the Council's website.

Our Outcomes

Our desired outcomes for 2017-20 (updated 2018) are detailed in the **Corporate Plan**. The Corporate Plan details our Vision and sets out our Thematic Priorities.

At the start of the 2018/19 financial year our Vision was:

“One Tamworth, Perfectly Placed – Open for business since the 7th century AD”

Our strategic priorities are:

Living a Quality Life in Tamworth
Growing Stronger Together in Tamworth
Delivering Quality Services in Tamworth.

Under each thematic priority, we detail our ambitions and how we are going to realise these. All outcomes we aim to achieve, along with changes we want to see and supporting information are detailed in the Corporate Plan.

For each activity or process we complete, we ensure that the appropriate governance arrangements are in place.

The Corporate Plan for 2019-22 was adopted by Cabinet on 21st March 2019 and sets out the new vision and priorities of the authority.

TAMWORTH BOROUGH COUNCIL CORPORATE PLAN 2019-2022

TAMWORTH BOROUGH COUNCIL: VISION

To put Tamworth, its people and the local economy at the heart of everything we do

OUR PURPOSE IS TO:

- ▶ help tackle causes and effects of poverty and financial hardship
- ▶ increase all residents' resilience and access to information
- ▶ engage with our residents to promote community involvement and civic pride
- ▶ support the development of Tamworth now, and in the future
- ▶ help the local economy to grow in a way which benefits our residents and businesses
- ▶ utilise Council resources effectively
- ▶ help tackle the causes of inequality and increase opportunities for all residents and businesses
- ▶ help protect, nurture and celebrate our local heritage
- ▶ help prevent homelessness and help people access suitable housing
- ▶ help build resilient communities
- ▶ help develop and safeguard our environment and open spaces

OUR STRATEGIC PRIORITIES FOR 2019-2022

People and Place



To meet housing needs through a variety of approaches and interventions



To facilitate sustainable growth and economic prosperity



To work collaboratively and flexibly to meet the needs of our communities



To create a new and developing vision for the continued evolution of Tamworth, including a town centre fit for the 21st century

Organisation



To be financially stable



To ensure our employees have the right skills and culture to help our residents, visitors and businesses



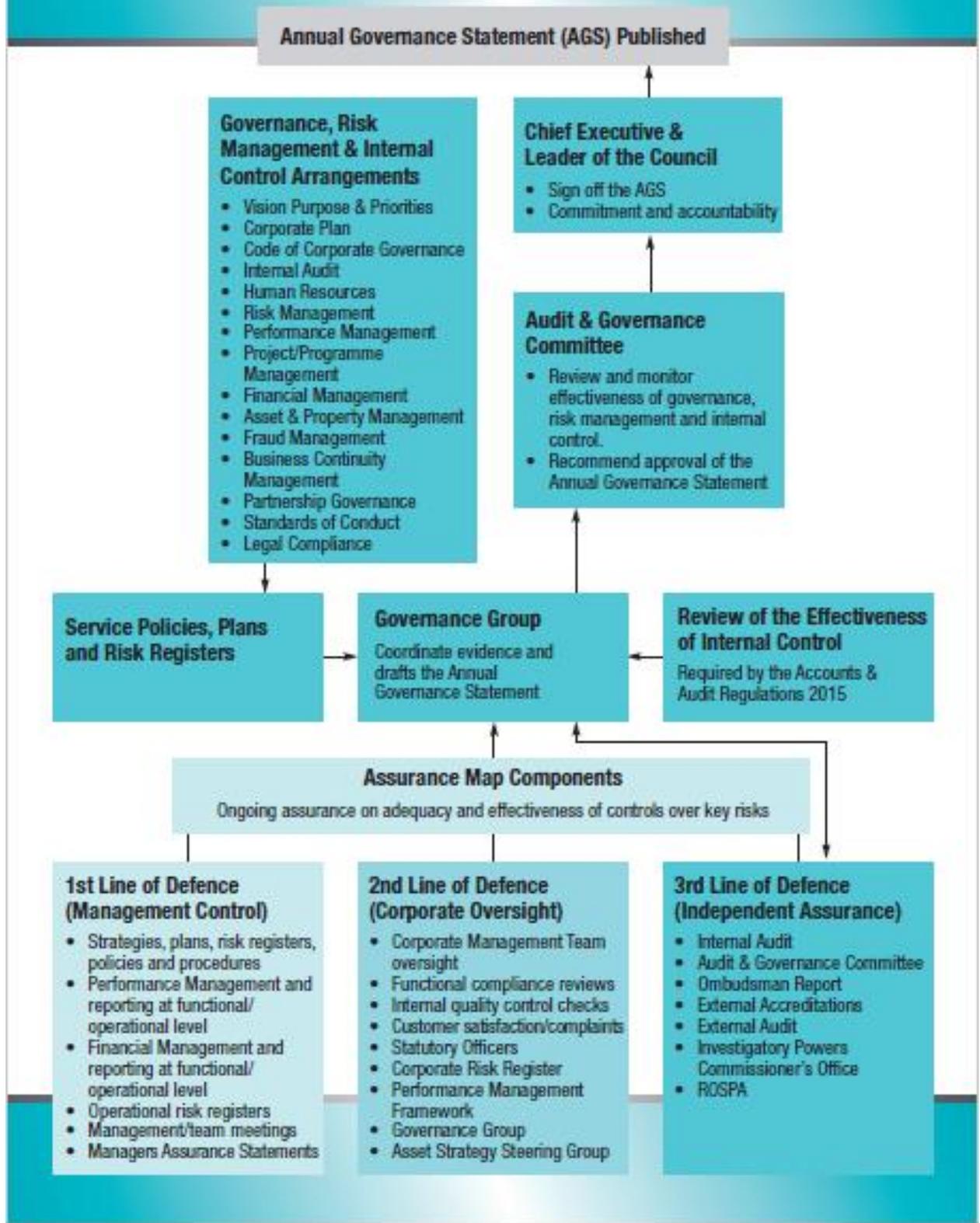
To ensure our service delivery is consistent, clear, and focused



To ensure our decisions are driven by evidence and knowledge

The Assurance Framework

The diagram below shows how the Assurance Framework is made up



What have we done to monitor and evaluate the effectiveness of our governance arrangements during 2018/19.

The Authority has the responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of the effectiveness of the system of internal control is informed by:

- The work of Internal Audit which is detailed in the Head of Audit & Governance's Annual Report;
- Responsibility of Corporate Management Team for the development and maintenance of the internal control environment; and
- Reports received from our External Auditors and any other review agencies or inspectorates.

During 2018/19, the following actions have contributed to the evaluation of the effectiveness of the governance arrangements;

- The Governance Group has reviewed and updated against the Code of Corporate Governance in line with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*;
- Both the CIPFA Statement on the Role of the Chief Finance Officer and the CIPFA Statement on the Role of the Head of Internal Audit were reviewed and updated. Both officers comply with expected roles;
- The Head of Audit & Governance reports to the Audit & Governance Committee on a quarterly basis and provides an opinion on the overall effectiveness of the system of internal control based upon the work completed. The statement for the 2018/19 financial year is as follows:

"I am satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's risk management, control and governance processes.

Overall in my opinion, based upon the reviews performed during the year, the Authority has:

- adequate and effective risk management arrangements;
 - adequate and effective governance; and
 - has adequate and effective control processes."
- From the 1st April 2013, Internal Audit is required to comply with the Public Sector Internal Audit Standards. As part of this requirement, Internal Audit are required to complete an annual self-assessment against the Standards and produce a Quality Assurance &

Improvement Programme(QAIP) which identifies areas for improvement both to ensure compliance with the Standards and other quality areas. The self-assessment against the standards and the QAIP are reported to the Audit & Governance Committee;

- Our External Auditors report to each Audit & Governance Committee. In their Annual Audit Letter (2017/18), they gave an unqualified opinion on the Statement of Accounts and an unqualified conclusion in respect of the Authority securing economy, efficiency and effectiveness;
- The Ombudsman report on the enquiries and complaints they received in 2017/18 was reported to the Audit & Governance Committee in October 2018;
- Managers Assurance Statements have been completed by Executive Directors and Assistant Directors and have not identified any significant control issues;
- The Corporate Risk Register is owned and reviewed on a quarterly basis by the Corporate Management Team and reported in the Quarterly Healthcheck to Cabinet and also reported in the risk management update to the Audit & Governance Committee. There are no significant risks on the Corporate Risk Register;
- The Performance Management Framework ensures that the Financial Healthcheck is reported to Cabinet on a quarterly basis and made readily available on the Authority's website;
- The Authority is currently completing the assessment against the Code of Connection to obtain the certification. This includes assessments against governance, service management and information assurance conditions. Compliance with the Code of Connection ensures access to the Public Services Network.
- A quarterly update report is presented to the Audit & Governance Committee on the use of RIPA powers. During 2018/19, no RIPA authorisations were made;
- Financial Regulations, Contract Standing Orders and Financial Guidance are reviewed on a regular basis with the last review being approved by the Audit & Governance Committee in March 2018 and made available to staff. The annual review for 2019 is due to be carried out after the full review of the Constitution;
- No issues were raised through the Counter Fraud and Corruption and Whistleblowing Policies;

- There were no data security breaches/lapses during the financial year;
- To assist in a more co-ordinated approach to managing projects, a Corporate Project Management template and process has been devised and made available to Officers;
- A self-assessment of the Audit & Governance Committee's effectiveness was completed on the 28th March 2019;
- The Chairs of the Audit & Governance and Scrutiny Committees submitted their Annual Reports to Full Council;
- The Authority complies with the Transparency Code;
- Counter fraud work continues to be completed with the retained expertise of in-house staff to investigate corporate fraud;
- Internal Audit completes an annual assessment of the risk of fraud which is reported to the Audit & Governance Committee. Assessments against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, the Fighting Fraud & Corruption Strategy & Checklist have been completed. Having considered all of the principles, we are satisfied that the Authority has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud;
- The Leader of the Council reported to Full Council on the 22nd May 2018, in compliance with the Local Authorities Executive Arrangements) (Meetings & Access to Information) Regulations 2012, that one urgent executive decision has been made for the period to 30th April 2018;
- In compliance with the Localism Act 2011, a report was presented to Full Council in May 2018 advising them of the number of complaints received regarding Members Conduct;
- The appointments of the Chief Executive and the Head of Paid Service and appointments of Statutory positions including the senior management review were approved by Council in June 2018;
- The review of the Constitution and Scheme of Delegation was approved by Council in June 2018;
- The Anti-Money Laundering Policy was reviewed and approved by the Audit & Governance Committee in February 2018;
- The Diversity & Equalities Scheme 2015-19 was approved by Cabinet in July 2017;

- The Pay Policy 2018 was approved by Council in May 2018;
- The authority has continued to progress implementation of the organisation's response to the General Data Protection Regulations (GDPR). Following the appointment of a new nominated Data Protection Officer (DPO), the authority has continued to raise its awareness of GDPR across the authority. As part of wider IT Governance work, policies and procedures have been reviewed or are being developed to meet our obligations under the GDPR and to ensure a robust governance framework is in place for our ICT systems and information assets. The Information Security Policy has been rolled out across the authority with this becoming a mandatory requirement for new starters. The authority's Corporate Privacy Notice along with approximately 30+ Fair Processing Notices have been developed with reviews being undertaken annually. Information on our website is being reviewed and updated with guidance to support our customer's rights of access to their data. Work is progressing with suppliers to ensure the security and compliance of personal data held within our software systems. A programme of cyber security training has been completed across the authority with further bite size communications to be issued over the coming months.
- Partnership working arrangements continue to strengthen and further develop with both our statutory and community and voluntary sector partners. We value our community and voluntary sector and the work they do within our community. In 2018/19 we awarded a total of 28 grants through our Community and Voluntary Sector Grant Programme and our Arts Grant Programme; the total value of this funding was £13,720. Through the Staffordshire Commissioner's Office Locality Deal Funding the Community Safety Partnership, 3 organisations were funded with a total of £9,537 to address domestic abuse, hate crime and social isolation. Diversionary holiday schemes also took place and the Summer Space Scheme funded 10 organisations a total of £15,844.
- The Place Based Approach continues to grow and further develop; this is a collaborative partnership approach that uses multi skilled teams, universal services, voluntary sector organisations, and communities at the right time to improve outcomes for children, young people, vulnerable people and our community. As part of this Place Based Approach we have been working in partnership to identify community and voluntary sector organisations that can offer children, families and vulnerable people help and support at the earliest opportunity. Grant funding has been awarded to the value of £30,000 for community projects during 2019/20 and 2020/21.
- Work is continuing on a number of actions to address the financial position in future years:

- Delivering Quality Services project – the demand management approach to shift demand to more efficient methods of service delivery – online and automation (Interactive Voice Response). A savings target of £100k p.a. has already been included within the MTFS together with reduced CRM costs of £62k p.a. from 2019/20;
 - Recruitment freeze – there is a robust challenge / re-justification process in place for all vacant posts with a requirement to investigate alternative options including restructuring to fill vacancies / looking at what we can stop doing;
 - Spend freeze – A review of the underspend position has been undertaken with a view to drive out as many savings as possible and has identified annual savings of c.£450k p.a. from 2019/20;
 - Alternative investment options arising from the Commercial Investment Strategy (as well as the Treasury Management Investment Strategy) to generate improved returns of c. 4% to 5% p.a. (plus asset growth);
 - Review of reserves (including ensuring adequate provision for the funding uncertainties) / creation of fund for transformation costs (if needed);
 - Targeted Savings – to identify potential areas for review in future years; and
 - Review and rationalisation of IT systems.
- The Authority has both a moral and legal obligation to ensure a duty of care for children and adults with care and support needs across its services. We are committed to ensuring that all children and adults with care and support needs are protected and kept safe from harm whilst engaged in services organised and/or provided by the Council. We do this by:
 - Having a Safeguarding Children & Adults at Risk of Abuse & Neglect Policy and procedures in place;
 - Having Safeguarding Children & Adults Processes which give clear, step-by-step guidance if abuse is identified;
 - Safeguarding training programme in place for staff and members;
 - Carrying out of the appropriate level of Disclosure and Barring Service (DBS) checks on staff and volunteers;
 - Working closely with Staffordshire Safeguarding Children's Board & Staffordshire & Stoke-on-Trent Adult Safeguarding Partnership; and Staffordshire Police.

- The Authority recognises that it has a responsibility to take a robust approach to slavery and human trafficking. In addition to the Authority's responsibility as an employer, it also acknowledges its duty as a Borough Council to notify the Secretary of State of suspected victims of slavery or human trafficking as introduced by section 52 of the Modern Slavery Act 2015. The Authority is committed to preventing slavery and human trafficking in its corporate activities and to ensuring that its supply chains are free from slavery and human trafficking. The Authority has included modern slavery and human trafficking information within the corporate safeguarding policy and training. The Council will continue to develop and strengthen its approach to modern slavery and trafficking in 2019/20. The Tamworth Vulnerability Partnership continues to meet each morning to ensure that partner organisations are working together to coordinate efforts to support children, young people, families and vulnerable people across Tamworth.

Declaration

We have been advised on the implications of the result of the review of the effectiveness of the Governance Framework by the Audit & Governance Committee and that the arrangements continue to be regarded as fit for purpose. The significant governance issues highlighted in the 2017/18 Annual Governance Statement still remain significant issues during 2018/19 and are detailed at **Annex 1** with actions completed to date to address the issues. No additional governance issues were highlighted during 2018/19. Other minor issues highlighted through the assurance gathering process have been noted with planned actions to address these issues. Monitoring of the completion of all these issues will be completed through reporting to the Audit & Governance Committee.

We propose over the coming year to take steps to address those matters raised to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operations as part of our next review.

Signed

D Cook

A Barratt

Leader

Chief Executive

Date

On behalf of the Authority

This information can be produced on request in other formats and languages. Please contact Internal Audit Services on 01827 709234 or email enquiries@tamworth.gov.uk

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Executive Director Finance

Annex 1

Significant Governance Issues 2018/19

The significant governance issues identified in relation to the Authority achieving its vision in 2017/18 remain significant issues for 2018/19 and are detailed below:

No	Issue	Action 2017/18	Update 2018/19
1	<p>Medium Term Financial Strategy (MTFS)</p> <p>Whilst actions have been taken to ensure that the MTFS remains balanced, this is still a significant risk to the Authority. Revenue Support grant will be removed around 2020. Opportunities and risks associated with the 100% Business Rates Retention will need to be identified. The increasing demands of our customers also need to be considered.</p>	<p>Work is continuing on a number of actions to address the financial position in future years:</p> <ul style="list-style-type: none"> • Delivering Quality Services Project – the demand management approach to shift demand to more efficient methods of service delivery – online and automation (Interactive Voice Response). A savings target of £100k p.a. has already been included within the MTFS together with reduced CRM costs of £62k p.a. from 2019/20; • Recruitment freeze – where possible, temporary 12 month appointments are now only being made; there is a robust challenge / re-justification 	<p>There is a high degree of uncertainty arising from the work progressing with regard to business rates retention (and the associated impact on the Council’s business rates income and associated baseline and tariff levels), the ‘Fair Funding Review’ as well as the planned Business Rates Reset which will also take effect from 2020/21.</p> <p>The Council is responding to these challenges by considering the opportunities to grow our income. We are ambitious with our commercial view and will continue to work hard to identify income streams that enable us to continue to meet the needs of our residents.</p> <p>We continue to invest in our teams, transform our processes and ensure our technology infrastructure is fit for purpose. We have identified a number of opportunities to improve customer access to information and services as well as our engagement with our citizens and the way in which we manage our data and information.</p>

No	Issue	Action 2017/18	Update 2018/19
		<p>process in place for all vacant posts with a requirement to investigate alternative options including restructuring to fill vacancies / looking at what we can stop doing. This means we have the opportunity to increase the vacancy allowance from 5% to 7.5% c. £45k p.a. year on year for the General Fund (£14k p.a. – HRA); It should be noted that staffing in some services e.g. planning, are key to the delivery of the Council's economic growth agenda and have significant demand from the public and local businesses but can also experience severe recruitment difficulties – which may lead to the use of market supplements to attract staff.</p> <ul style="list-style-type: none"> • Spend freeze – Managers have previously been required to restrict / limit spending to essential spend only (there was a £1.6m underspend in 2016/17 – although the majority was windfall income, c. £0.57m was lower level underspend). Savings of over £150k p.a. have 	<p>Linked with this, a major 'Delivering Quality Services' project will incorporate a review of processes and demand, with the aim of re-designing processes to meet changing customer expectations and making the best use of technology to deliver efficient and effective services to the customer, including self-service and digital functionality.</p> <p>Work is continuing on a number of actions to address the financial position in future years:</p> <ul style="list-style-type: none"> • Recruitment freeze – there is a robust challenge / re-justification process in place for all vacant posts with a requirement to investigate alternative options including restructuring to fill vacancies / looking at what we can stop doing; • Spend freeze –A review of the underspend position has been undertaken with a view to drive out as many savings as possible – and has identified annual savings of c.£450k p.a. from 2019/20. • Alternative investment options arising from the Commercial Investment Strategy (as well as the Treasury Management Investment Strategy) to generate improved returns of c. 4% to 5% p.a. (plus asset growth);

No	Issue	Action 2017/18	Update 2018/19
		<p>been included within the MTFFS;</p> <ul style="list-style-type: none"> • Alternative investment options arising from the Commercial Investment Strategy (as well as the Treasury Management Investment Strategy, including any prudential borrowing opportunities) to generate improved returns of c. 5% p.a. (plus asset growth) including: <ul style="list-style-type: none"> ○ Set up of trading company to develop new income streams; ○ Local investment options – Lower Gungate / Solway Close development including the potential to drawdown funding from the Local Growth Fund / Local Enterprise Partnerships (GBS and Staffordshire); ○ Investments in a Diversified Property Fund; <p>Note: these would represent long term investments of between 5 – 10 years</p>	<ul style="list-style-type: none"> • Review of reserves (including ensuring adequate provision for the funding uncertainties) / creation of fund for transformation costs (if needed); • Targeted Savings – to identify potential areas for review in future years; and • Review and rationalisation of IT systems.

No	Issue	Action 2017/18	Update 2018/19
		<p>(minimum) in order to make the necessary returns (after set up costs).</p> <ul style="list-style-type: none"> • Review of reserves / creation of fund for transformation costs (if needed), and • Targeted Savings – to identify potential areas for review in future years. <p>Uncertainty remains over the work progressing with regard to business rates retention (and the associated impact on the Council’s business rates income and associated baseline and tariff levels) – it has recently been announced that Councils will be able to retain 75% of business rates collected from 2020/21 rather than 100% as previously planned. In addition, the Government are also consulting on a review of the distribution methodology, the ‘Fair Funding Review’ as well as the planned Business Rates Reset (when a proportion of the growth in business rates achieved since 2013/14 will be redistributed) - both of which will also take effect from 2020/21. There is a high risk that this will have a</p>	

No	Issue	Action 2017/18	Update 2018/19
		significant effect on the Council's funding level from 2020/21;	
2	<p>Regeneration/Capital Projects</p> <p>The Authority needs to ensure that capital projects are managed effectively to ensure that they are delivered and grant monies are spent appropriately and timely.</p> <p>There is a risk that developers will not develop timely in accordance with the Local Plan need.</p>	<p>Significant re-profiling of capital scheme spend is forecast for 2017/18 into 2018/19 – c.£20m relating mainly to Housing Regeneration Schemes, works to High Rise flats and the works at the Assembly Rooms.</p> <p>The majority of this is beyond the control of the Council and has been forecast with the reasons understood.</p> <p>It is anticipated that this spend will now occur during 2018/19 with firm plans in place for such but the situation will be closely monitored and any potential issues will be highlighted at the earliest opportunity.</p> <p>Review of Asset Holdings and Asset Management Plan</p> <p>The Council's Asset Management Plan will be reviewed on an ongoing basis. This will identify any assets held by the Council that are no longer either</p>	<p>Significant re-profiling of capital scheme spend is forecast for 2018/19 into 2019/20 – c.£39m relating mainly to Housing Regeneration Schemes, works to High Rise flats, Commercial Investments and the works at the Assembly Rooms.</p> <p>The majority of this is beyond the control of the Council and has been forecast with the reasons understood.</p> <p>It is anticipated that this spend will now occur during 2019/20 with firm plans in place for such but the situation will be closely monitored and any potential issues will be highlighted at the earliest opportunity.</p> <p>As part of the MTFs, Council in February 2019 approved the Capital Strategy which sets out the Council's approach to capital investment and the approach that will be followed in making decisions in respect of the Council's Capital assets.</p> <p>Capital investment is an important ingredient in ensuring the Council's vision is achieved and given that capital resources are limited it is critical that the Council makes best use of these resources –</p>

No	Issue	Action 2017/18	Update 2018/19								
		<p>required or fit for purpose and appropriate recommendations made regarding retention for alternative use or disposal.</p> <p>The Corporate Asset Management Strategy was last updated in 2015 relating to the following assets:</p> <table border="1" data-bbox="694 544 1252 778"> <thead> <tr> <th data-bbox="703 550 1021 620">Asset Description</th> <th data-bbox="1028 550 1243 620">Value (31/03/15)</th> </tr> </thead> <tbody> <tr> <td data-bbox="703 625 1021 695">Investment Properties</td> <td data-bbox="1028 625 1243 695">£14,588,052</td> </tr> <tr> <td data-bbox="703 700 1021 738">Land and Buildings</td> <td data-bbox="1028 700 1243 738">£6,537,500</td> </tr> <tr> <td data-bbox="703 743 1021 775">Total</td> <td data-bbox="1028 743 1243 775">£21,125,552</td> </tr> </tbody> </table> <p>It details an estimated 10 year maintenance cost for each asset (totalling c.£8m) based on the inspections that had been undertaken.</p> <p>Long Term Strategic Plan</p> <p>It has been identified that the Council, through the Corporate Capital strategy and through the development of a long term strategic plan, needs to take a longer-term view of the assets required to deliver its Corporate Plan priorities and to support its Medium Term Financial Strategy (MTFS), including</p>	Asset Description	Value (31/03/15)	Investment Properties	£14,588,052	Land and Buildings	£6,537,500	Total	£21,125,552	<p>including the development of a long term strategic plan to address the identified maintenance and repairs backlog for corporate assets.</p> <p>The Tinkers Green and Kerria regeneration project is progressing in line with an agreed project programme. There will almost certainly be a notional underspend at the end of the project due to the successful Homes England grant funding for the project, there will also be a re-profiling of the overall budget to reflect the actual project programme.</p> <p>The Business Plan for 2019/20 makes provision for a new Asset Management Strategy linked with the Capital Finance strategy, this is due to be in place for the 3rd quarter of 2019/20 with implementation plans to follow.</p>
Asset Description	Value (31/03/15)										
Investment Properties	£14,588,052										
Land and Buildings	£6,537,500										
Total	£21,125,552										

No	Issue	Action 2017/18	Update 2018/19
		<p>spend required (and associated potential funding streams) to address the identified maintenance and repairs backlog for corporate assets.</p>	
3	<p>Disabled Facilities Grants</p> <p>There is a risk that the Authority will not be fully funded to deliver the need for Disabled Facilities Grants.</p>	<p>The contract for delivery of the pan-Staffordshire delivery of DFG's has now been tendered, evaluated and the contract awarded for delivery commencing 1st April 2018.</p> <p>The pan Staffordshire Partnership Board has been set up which meets quarterly.</p> <p>The allocation of funding for 2018/19 will follow the same principles as for the previous year while the new contract beds in, and will be reviewed in time for 2019/20.</p>	<p>The Staffordshire wide service delivery model is up and running and has ensured that adaptations have been delivered in a timely manner, additional funding was secured from Central Government to allow more applications to be funded, we have also benefitted from additional funding through those authorities in the partnership whose budgets exceed demand. It is not possible to offer any firm assurances in this area as it is anticipated that demand will continue to exceed the annual budget allocation through Central Government. It is understood that there will be a national review of the DFG programme at some point (delayed by Brexit), the outcome and implications of which will be reported once known and understood.</p>
	<p>Senior Management Review</p> <p>The Authority has commenced the first phase of</p>	<p>The Authority will continue to monitor and assess the capacity to deliver</p>	<p>The organisation has now completed its senior management review and all posts were appointed.</p>

No	Issue	Action 2017/18	Update 2018/19
	<p>the Senior Management Review. This has meant that the most senior managers in the organisation have been offered the option to explore voluntary redundancy. This is because we need to reduce the number of senior managers in order to meet budget deficits. All applications for voluntary redundancy together with the supporting business cases will be considered to see what impact they will have on the organisation which will help to shape a potential new leaner senior management structure. However, we have recognised there is a risk in the capacity to deliver services with a reduction in staffing numbers.</p>	<p>services taking into account Delivering Quality Services.</p>	<p>Since that time a number of vacancies have arisen and as mentioned above a range of solutions to filling said vacancies are currently being explored. In the meantime to ensure capacity is achieved a range of short term solutions are also being explored and / or are already in place</p>
	<p>GDPR</p> <p>Whilst activity has progressed around the implementation of the organisation's response to the General Data Protection Regulations (GDPR), there are still significant risks around potential data loss</p>	<p>A Project Group has been formed to manage the implementation of GDPR. Awareness has been raised through corporate communications, specialist staff have been trained to practitioner level to ensure local knowledge for the implementation and subsequent</p>	<p>The DPO will continue to progress the implementation of GDPR throughout the authority, with regular updates to the Head of Information & Technology and Assistant Director – People. Awareness of the authority's obligations under the GDPR will continue to be communicated through corporate communication channels.</p>

No	Issue	Action 2017/18	Update 2018/19
	resulting in a significant fine and reputational damage.	maintenance. Mandatory training is being developed for all staff.	
	<p>Welfare & Benefit Reform</p> <p>There is a risk of reduced income corporately due to welfare reform changes (including council tax support scheme and Universal Credit with further austerity measures from the Welfare reform Act 2015). As well as the potential for reduced income and an increase in bad debts, there are additional impacts arising from increased needs in services – eg homelessness, requirement for additional support to vulnerable people, increased issues of ASB etc meaning an increase in demand on 3rd sector and statutory agency services.</p>	<p>The Authority will continue to proactively manage and monitor corporate income levels on a monthly basis and report this to CMT. Staff will be trained to deal with the impact and we will be commissioning 3rd sector support as well as providing additional resources in key service areas. In addition, we will provide financial advice and support for vulnerable clients.</p>	<p>The Council has experienced an impact from Welfare Benefit Reform and is able to evidence an increase in rent arrears to the implementation of Universal Credit. A Corporate Working Group has been established to ensure an organisation wide approach and the Council has been pro-active in seeking positive working relationships with DWP. The issue has been the subject of examination by the Council's scrutiny committees. Any impact in relation to homelessness has been less apparent and the Council has been successful in its proactive approach to implementation of the Homelessness Reduction Act and has achieved a significant reduction in the use of bed and breakfast accommodation thereby reducing costs and social harm.</p>

GLOSSARY

Accrual

A sum included in the accounts for income or expenditure in relation to the financial year, but not received or paid as at 31st March.

Amortisation

A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

Balances

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

Balance Sheet

This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council.

Business Rates Retention Scheme

This was introduced with effect from 1st April 2013, and requires the Council to operate a Collection Fund to account for Business Rates in a similar way to Council Tax. Rather than collecting Business Rates on behalf of the Government, the Council can now retain a share of the Business Rates it collects, and pays out a share to Government, Staffs County Council and the Stoke on Trent and Staffordshire Fire and Rescue Authority.

Capital Adjustment Account

This reserve reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

Capital Expenditure

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

Capital Financing Requirement

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

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

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.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Cash and Cash Equivalents

Cash includes bank balances and on demand deposits. Cash Equivalents are short term, highly liquid investments where the date of maturity is three months or less from the date of acquisition that are readily convertible to cash with an insignificant risk of change in value.

Cash Flow Statement

This shows the changes in cash and cash equivalents of the Council during the reporting period.

CIPFA

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

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 received and paid out to Government and precepting authorities.

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Community Assets

The class of fixed assets held by the Council in perpetuity that have no determinable useful life and may have restrictions on their disposal, such as parks, historical buildings, works of art, etc.

Component Accounting

Where a Property, Plant or Equipment asset has major components, with a cost significant in relation to the overall cost of the asset; materially different useful lives; and/or different methods of depreciation, the components are separately identified and depreciated.

Comprehensive Income and Expenditure Statement

This statement shows the total income received and expenditure incurred by the Council during the year in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

Contingency

The sum of money set aside to meet unforeseen expenditure.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Council's control. Contingent Assets are not recognised in the Balance Sheet but

disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation, subject to uncertain future events not wholly within the Council's control. Contingent liabilities are not recognised in the Balance Sheet but disclosed in 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.

Current Service Cost

An estimate of the true economic cost of employing people in a financial year.

Debtors

Amounts due to the Council for work done or services supplied, for which income has not been received by the end of the financial year.

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of Non Current Assets but for which cash settlement has yet to take place.

Depreciation

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

Exceptional Items

A material item of income or expenditure, significant to an understanding of the Council's financial performance, disclosed separately within the CIES or in a note to the accounts.

Expected Credit Loss Model

The Expected Credit Loss Model was introduced under IFRS 9 Financial Instruments, and applies to financial assets, lease receivables and contract assets.

Fixed Assets

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

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year (however, the balance is not available to be applied to funding HRA services).

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

IFRS

International Financial Reporting Standards (IFRS) are a set of accounting standards used for the production of accounts from 2010/11 onwards. The introduction of IFRS is intended to make the Statement of Accounts more robust and comparable with other local authorities and the wider public sector.

Intangible Assets

Non-financial assets that do not have physical substance but are controlled by the Council as a result of past events or through custody or legal rights (e.g. software licences).

Investment Property

Under IFRS, investment property is defined as a property which is held exclusively for revenue generation or for the capital gains that the asset is expected to generate - not used directly to deliver the Council's services.

Joint Operations

These are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity.

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.

Liabilities

Amounts due to individuals or organisations which will have to be paid some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Major Repairs Reserve

The Major Repairs Reserve represents the long term average amount of capital spending required to maintain the HRA Council housing stock in its current condition.

Materiality

An item is material if its omission, non disclosure or misstatement could be expected to lead to a distortion of the view given by the financial statements.

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.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

National Non Domestic Rates (NNDR)

The tax paid on non domestic properties, set annually by Government. In previous years, this tax was collected by billing authorities and paid over to the Government, with the Council receiving a share of the national pool as part of its resources used to meet total net expenditure. Under the

new scheme introduced with effect from 1st April 2013, local authorities now retain a proportion of the Business Rates generated in their area.

Non Current Assets Held For Sale

Non Current Assets held for sale are those where the value of the asset will be recovered mainly by selling the asset rather than through its continuing use.

Pension Reserve

This absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

Post Balance Sheet Events

Those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept

This is a demand for payment made by Staffordshire County Council, OPCC Staffordshire and the Stoke-on-Trent and Staffordshire Fire and Rescue Authority as a means of obtaining income. The payment is met from the Council's collection fund and is based on the Council Tax base.

Prior Period Adjustments

Those material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of material errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provision

An amount set aside to meet a liability that is likely to be incurred, and a reasonable estimate can be made, charged as an expense to the appropriate service line in the CIES.

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).

Related Party

Two or more parties are related parties when at any time during the financial period:

One party has direct or indirect control of the other party; or

The parties are subject to common control from the same source; or

One party has influence over the financial and operational policies of the other party, to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or

The parties, in entering a transaction, are subject to influence from the same source, to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

This is expenditure that is defined as Capital but where there is no matching asset in the accounts - legislation allows the treatment of some expenditure as capital where it does not result in the creation of a fixed asset. An example of this is where grants are awarded to third parties for capital expenditure.

Revaluation Reserve

This reserve records the net gain from revaluations of the Council's plant, property and equipment, and Intangible Assets, made after 1st April 2007.

Revenue Expenditure

The day-to-day expenditure incurred by the Council 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.

Specific Grants

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

Usable Reserves

The purpose of each usable reserve is detailed below:

General Fund Balance

These funds are available to meet the future running costs for the Council for non-housing services.

Housing Revenue Account

This reserve holds funds that are available to meet future running costs relating to the Council's housing stock.

Capital Receipts Reserve

This reserve holds all of the Council's receipts generated from the disposal of Non Current Assets and although this is in the usable reserves section, this reserve can only be used to finance new capital investment or to repay debt.

Major Repairs Reserve

This reserve is to meet the capital investment requirements of the Council's housing programme.

Capital Grants Unapplied

This reserve is used to hold capital grants without conditions or where conditions have been satisfied, but the grant has yet to be used to finance capital expenditure.

Earmarked Reserves – General Fund / Housing Revenue Account

Earmarked Reserves are amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. Further details of the significant reserves within this heading are shown in Note10.

Appendix to Comprehensive Income and Expenditure Statement

Chief Executive

Chief Executive
Electoral Process
Audit & Governance
Joint Waste Arrangement

Assistant Director Growth & Regeneration

Strategic Planning & Development
Environmental Health
Tourism
Tamworth Castle

Executive Director Organisation

Executive Director Organisation
Solicitor to the Council
Democratic Services
Land Charges
Mayoralty

Assistant Director People

Human Resources
Payroll
Customer Services
Communications and Public Relations
Information Technology
Reprographics

Assistant Director Operations & Leisure

Streetscene
Arts & Events
Community Leisure
Business Support
Caretaking & Cleaning
Environmental Management

Executive Director Finance

Executive Director Finance

Assistant Director Finance

Corporate Finance
Financial Operations
Procurement
Revenue Services
Benefits
Corporate Risk

Executive Director Communities

Executive Director Communities

Assistant Director Partnerships

Partnerships

Community Safety

Safeguarding

Private Sector Housing

Strategic Housing

Assistant Director Neighbourhoods – General Fund

Civil Contingencies

Street Wardens

CCTV

Assistant Director Neighbourhoods – HRA

Landlord Services

Assistant Director Assets – General Fund

Commercial Property

Facilities Management

Assistant Director Assets - HRA

Asset Management and Investment

HRA Summary

Housing Repairs

Independent Auditor's Report to the Members of Tamworth Borough Council

AUDIT AND GOVERNANCE COMMITTEE

Thursday, 25th July 2019

REPORT OF THE ASSISTANT DIRECTOR FINANCE

RISK MANAGEMENT QUARTERLY UPDATE

EXEMPT INFORMATION

None

PURPOSE

To report on the Risk Management process and progress to date for the current financial year.

RECOMMENDATIONS

That the Committee endorses the Corporate Risk Register

EXECUTIVE SUMMARY

One of the functions of the Audit & Governance Committee is to monitor the effectiveness of the authority's risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management. Corporate risks are identified and managed and monitored by the Corporate Management Team (CMT) on a quarterly basis.

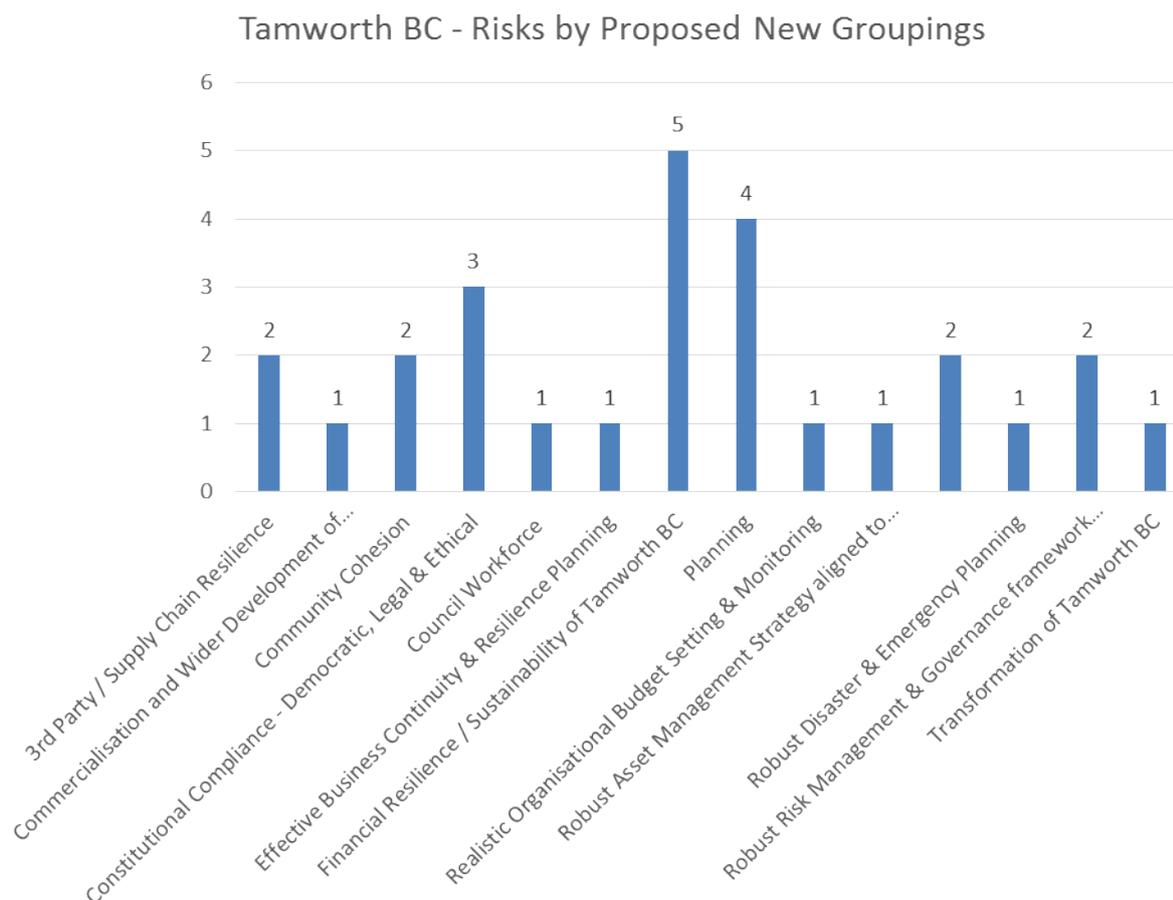
Following the recent organisation changes a review is currently underway to ensure that the flow of risk information from the strategic level through to the operational level and back reflects the corporate risks and objectives. It is also expected that we will be able to show the strategic nature of the risks across service units.

The review covers:

- How the current risk system is being utilized across services
- How the corporate risks are captured, aligned and reported
- Identify potential opportunities to rationalize and co-ordinate mitigating actions & controls
- Align the risks to the Corporate plan (where possible)

The strategic risks also need to relate and take account of the wider economic, social and political environment and to assist with this we are working with an external risk consultant. As the review progresses Corporate Management Team and Members will be kept informed so they can confirm the direction of travel and provide guidance. Once substantive progress has been made details will be presented to the Audit and Governance committee.

Currently the review is looking at the structure of the quarterly report to make it more 'punchy' and key risks easier to highlight. The initial re-grouping of the current risks are shown in the graph below.



We have also identified members of staff in service areas across the Authority and these will be brought together to discuss how risk management can be developed in their areas to support the strategic and operational processes.

Corporate risks have been assigned to relevant members of the Corporate Management Team. Through regular review, risks may be added or removed from the Corporate Risk Register. The summary of the current Corporate Risk Register is attached as **Appendix 1** and the detailed for information is attached as **Appendix 2**.

RESOURCE IMPLICATIONS

Zurich Municipal agreed to part fund the cost of the review by reducing the insurance premiums with the remainder funded from the insurance reserve.

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Lynne Pugh, Assistant Director Finance, ex 272

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 Summary Corporate Risk Register

Appendix 2 Detailed Corporate Risk Register

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Corporate Risk Register 2019/20

Generated on: 16 July 2019

Title	Description
Finance	To ensure that the Council is financially sustainable as an organisation

Page 213

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Funding gaps		12 major – likely		9 serious–likely	01-Jul-2019
Business Rates Retention		12 major – likely		9 serious–likely	01-Jul-2019
New Homes Bonus		9 serious–likely		6 serious–unlikely	01-Jul-2019
Welfare and Benefit Reform		12 serious – very likely		9 serious–likely	01-Jul-2019
Failure to manage budgets		12 major – likely		6 serious–unlikely	01-Jul-2019

Title	Description
Modernisation & Commercialisation Agenda	Develop and implement continuous improvement and develop employees to perform the right work

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Contract Management & Procurement		6 serious–unlikely		4 significant–unlikely	01-Jul-2019
Management of Assets		6 significant–likely		4 significant–unlikely	27-Jun-2019
New Revenue Streams		12 serious – very likely		9 serious–likely	01-Jul-2019

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Workforce Planning Challenges		9 serious-likely		6 serious-unlikely	27-Jun-2019
Continuous Improvement		6 serious-unlikely		4 significant-unlikely	27-Jun-2019
Partnerships fail		9 serious-likely		6 serious-unlikely	27-Jun-2019

Title	Description
Governance	Ensure that processes, policies and procedures are in place and the authority is held to account

Page 214

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Democratic Process		9 serious-likely		9 serious-likely	27-Jun-2019
Assurance Process		9 serious-likely		6 significant-likely	03-Jul-2019
Legislation		12 serious - very likely		6 serious-unlikely	27-Jun-2019
Policies & Procedures		12 serious - very likely		6 serious-unlikely	27-Jun-2019
Ethics		12 serious - very likely		4 significant-unlikely	03-Jul-2019

Title	Description
Community Focus	To ensure the safety, health and wellbeing of the citizens of the borough

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Community Cohesion & Engagement		12 serious - very likely		9 serious-likely	27-Jun-2019

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Safeguarding Children & Adults (including Modern Slavery)		12 major – likely		6 significant–likely	03-Jul-2019
Emergency Planning		12 major – likely		6 serious–unlikely	28-Mar-2019

Title	Description
Economic Growth & Sustainability	To ensure that the economic growth and sustainability of the borough is maintained

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Regeneration		12 serious – very likely		9 serious–likely	03-Jul-2019
Housing Needs		12 serious – very likely		9 serious–likely	27-Jun-2019
Economic Changes		12 major – likely		9 serious–likely	03-Jul-2019

Title	Description
Information Safeguarding	To ensure that our data is protected

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Data Protection		16 major – very likely		12 major – likely	27-Jun-2019
Cyber Security		12 major – likely		8 major – unlikely	27-Jun-2019
Business Continuity		12 major – likely		9 serious–likely	27-Jun-2019

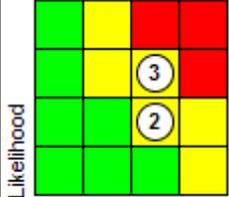
Title	Description
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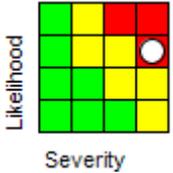
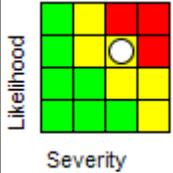
Title	Description
Brexit	The Impact of Brexit upon the Council

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Financial		16 major – very likely		16 major – very likely	08-Jul-2019
The Impact of Brexit upon the Council		16 major – very likely		16 major – very likely	08-Jul-2019

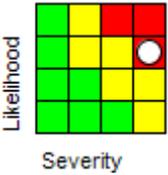
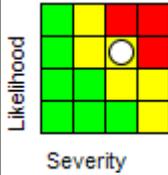
Corporate Risk Register 2019/20

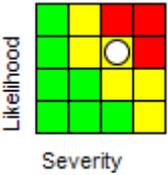
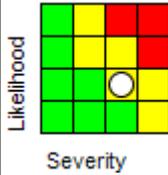
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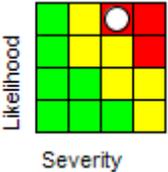
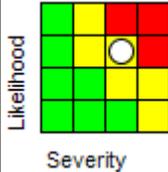
Risk Code	CPR1920 1	Risk Title	Finance	Current Risk Status	
Description of Risk	To ensure that the Council is financially sustainable as an organisation			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	 <p>Likelihood</p> <p>Severity</p>
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					

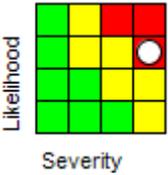
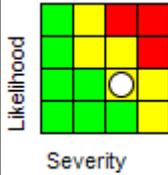
Risk Code	CPR1920 1.1	Risk Title	Funding gaps	Current Risk Status	
Description of Risk				Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	12	Medium term financial strategy in place - approved annually	Current Risk Matrix		
Gross Severity	4	Quarterly healthcheck to CMT / Cabinet including MTFS update	Current Risk Score	9	
Gross Likelihood	3	Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels	Current Severity	3	
Gross Risk Review Date	29-Mar-2019	Monitoring of the situation / regular reporting	Current Likelihood	3	
Consequences	<p>Inability to plan long term due to uncertainty over future Local Government funding arising from the Fair Funding Review, the planned business rates reset and the revised business rates retention scheme from 2020/21.</p> <p>There is a high risk that this will have a significant effect on the Council's funding level from 2020/21. There is a risk this could be deferred due to uncertainties over the production of the Spending Review planned for 2019.</p> <p>Increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities.</p> <p>Shortfall in DFG grant funding / impact on General Fund revenue</p>			Last Risk Review Date	01-Jul-2019
Vulnerabilities/causes	<p>Austerity cuts/Major variances to the level of grant/subsidy</p> <p>Business rates retention – 75% retention of business rates collected from 2020/21 rather than 100% as previously planned.</p>				

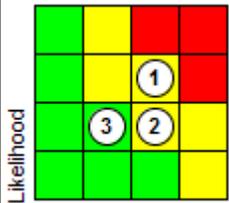
	<p>Review of the distribution methodology, the 'Fair Funding Review' as well as the planned Business Rates Reset (when a proportion of the growth in business rates achieved since 2013/14 will be redistributed) together with the Spending Review 2019 - which will also take effect from 2020/21.</p> <p>In addition, the next planned national Business Rates Revaluation will take effect from 2021/22 – with latest indications that the Government will also aim to introduce a centralised system for business rate appeals at the same time to cover future changes arising from the 2021 valuation list</p> <p>Non achievement/delivery of substantial savings</p> <p>Review of the Treasury Management Investment Guidance / Minimum Revenue Provision Guidance has been carried out by DCLG - however, planned CIPFA review of Prudential code may lead to a potential restriction of investments by Councils given increased risk exposure.</p> <p>Disabled Facilities Grants - increased demand / costs not in line with grant levels impacting on other funding sources, uncertainty over funding.</p>
Risk Notes	

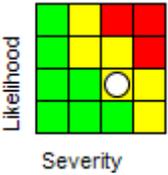
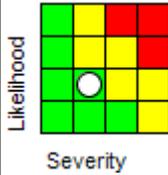
Risk Code	CPR1920 1.2	Risk Title	Business Rates Retention	Current Risk Status	
Description of Risk				Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	12	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue	Current Risk Matrix		
Gross Severity	4	Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels	Current Risk Score	9	
Gross Likelihood	3		Current Severity	3	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date	29-Mar-2019	Prudent approach to forecasting of Government Funding (NNDR/RSG/New Homes Bonus) post 2020/21 - including redistribution of growth in business rates since 2013	Last Risk Review Date	01-Jul-2019	
Consequences	Reduced levels of business rates income and impact on MTFS				
Vulnerabilities/causes	<p>Uncertainty over level of appeals following 2017 Revaluation and implementation of new approach to 'Check, Challenge and appeal' Impact on collection levels Uncertainty / changes in S31 grants Void property levels Uncertainty due to: Business rates retention – 75% retention of business rates collected from 2020/21 rather than 100% as previously planned.</p> <p>Review of the distribution methodology, the 'Fair Funding Review' as well as the planned Business Rates Reset (when a proportion of the growth in business rates achieved since 2013/14 will be redistributed) together with the Spending Review 2019 - which will also take effect from 2020/21. There is a risk this could be deferred due to uncertainties over the production of the Spending Review planned for 2019.</p> <p>In addition, the next planned national Business Rates Revaluation will take effect from 2021/22 – with latest indications that the Government will also aim to introduce a centralised system for business rate appeals at the same time to cover future changes arising from the 2021 valuation list</p>				
Risk Notes					

Risk Code	CPR1920 1.3	Risk Title	New Homes Bonus	Current Risk Status	
Description of Risk				Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	9	<p>Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers</p> <p>Given uncertainty over the review of the distribution methodology, the 'Fair Funding Review' as well as the Spending Review 2019 - which will take effect from 2020/21 a revised risk based approach was introduced in 2018 for 2019/20 onwards. There is a risk this could be deferred due to uncertainties over the production of the Spending Review planned for 2019.</p>	Current Risk Matrix		
Gross Severity	3		Current Risk Score	6	
Gross Likelihood	3		Current Severity	3	
Gross Risk Review Date	29-Mar-2019		Current Likelihood	2	
Consequences	Reduced levels of New Homes Bonus grant funding & Growth in Council tax Income				
Vulnerabilities/causes	Not achieving anticipated growth in new homes within the Borough and the associated dependency on the New Homes Bonus income				
Risk Notes	Uncertainty over the ongoing funding for the New Homes Bonus scheme , local growth in housing numbers and share of the national pool (including potential increases to the 'deadweight' for which Council's no longer receive grant). Deadweight confirmed unchanged at 0.4% for 2019/20 but future years uncertain.				

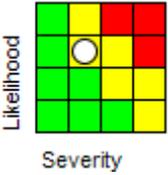
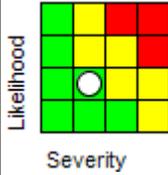
Risk Code	CPR1920 1.5	Risk Title	Welfare and Benefit Reform	Current Risk Status	
Description of Risk	Welfare and Benefit Reform			Assigned To	Rob Barnes; Stefan Garner; Tina Mustafa; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Proactive approach to management of Homelessness Proactive management & monitoring of corporate income levels i.e. council tax, business rates (monthly review of target achievement) & housing rent Extensive preparation including staff training Welfare reform group to be established Independent health check being developed HQN Regular CMT updates Provision of financial advise/personal Budgeting support Working with CAB / Commissioning to discuss approach post 1/4/19		Current Risk Score	9
Gross Severity	3			Current Severity	3
Gross Likelihood	4			Current Likelihood	3
Gross Risk Review Date	29-Mar-2019			Last Risk Review Date	01-Jul-2019
Consequences	Reduced income / increased bad debts - forecasts adjusted Additional impact arising from increased need for services - eg homelessness Greater demand on 3rd sector and statutory agency services Additional resource requirement to meet demand				
Vulnerabilities/causes	Reduced income corporately due to welfare reform changes (including council tax support scheme and Universal Credit with further austerity measures from Welfare Reform Act 2015) - impact on council tax, rent income etc Implementation of Government policy at local level - Impact of universal Credit being assessed Household hardship PBS/ADS transferred to CAB from 1/4/19				
Risk Notes	Identified as a Corporate project 27/3/19 and risks being managed				

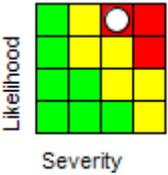
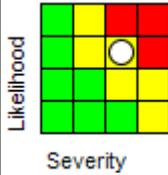
Risk Code	CPR1920 1.6	Risk Title	Failure to manage budgets	Current Risk Status	
Description of Risk	Failure to manage budgets			Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Budget planning & monitoring (Monthly report to CMT) Training Monthly budget monitoring meetings with Accountants and Managers Budget monitoring information available through Collaborative Planning (updated monthly) Annual review of unspent budgets feeds into budget setting process Training sessions for new manager being rolled out in 2019		Current Risk Score	6
Gross Severity	4			Current Severity	3
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date	29-Mar-2019			Last Risk Review Date	01-Jul-2019
Consequences	Cuts in front line service provision Quality of service declines Inability to meet on-going costs Budget overspends/underspends Reputational issues				
Vulnerabilities/causes	Lack of involvement / ownership by Managers Information not updated / provided on a regular basis				
Risk Notes					

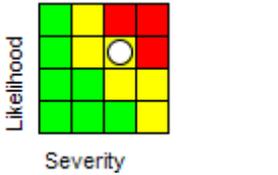
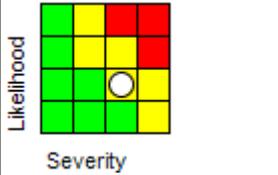
Risk Code	CPR1920 2	Risk Title	Modernisation & Commercialisation Agenda	Current Risk Status	
Description of Risk	Develop and implement continuous improvement and develop employees to perform the right work		Assigned To		
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	 <p>Likelihood</p> <p>Severity</p>
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					

Risk Code	CPR1920 2.1	Risk Title	Contract Management & Procurement	Current Risk Status	
Description of Risk	Contract Management & Procurement			Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6	Procurement function Financial Guidance requirements / Contract standing orders in place Contracts review under GDPR legislation to ensure due diligence and obligations met Training for new managers being rolled out in 2019		Current Risk Score	4
Gross Severity	3		Current Severity	2	
Gross Likelihood	2		Current Likelihood	2	
Gross Risk Review Date	29-Mar-2019		Last Risk Review Date	01-Jul-2019	
Consequences	Services not delivered Damage to reputation Loss of quality service High exit costs Efficiencies not gained Regulations not met				
Vulnerabilities/causes	Failure to meet service delivery expectations Partner has financial failure Service delivery collapses Third party supply chain failure Contractor/partner under performs Failure to assess and manage the risks arising from the use of third parties Benefit not realised				
Risk Notes					

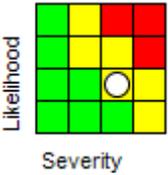
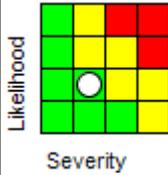
Page 225

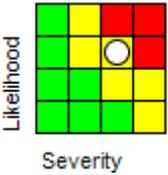
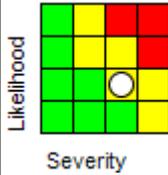
Risk Code	CPR1920 2.2	Risk Title	Management of Assets	Current Risk Status	
Description of Risk	Management of Assets			Assigned To	Rob Barnes; Stefan Garner; Lynne Pugh; Paul Weston
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6	Asset Strategy Steering Group in place qrtly meetings Asset register updated regularly Potential to purchase land in other districts for development (subject to Potential government restraints in the future) Development of longer term Corporate Capital Strategy and Asset Management Planning including potential acquisition, investment and disposal Proactive approach to respond to emerging fire risk requirements i.e. High rise Flats	Current Risk Score	4	
Gross Severity	2		Current Severity	2	
Gross Likelihood	3		Current Likelihood	2	
Gross Risk Review Date	15-Jan-2019		Last Risk Review Date	27-Jun-2019	
Consequences	Assets under utilised Income streams not maximised Decrease in asset value				
Vulnerabilities/causes	Assets not monitored Assets not maintained No land available for development opportunities				
Risk Notes					

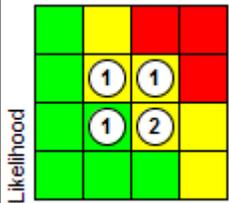
Risk Code	CPR1920 2.3	Risk Title	New Revenue Streams	Current Risk Status	
Description of Risk	New Revenue Streams			Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Monitoring of the situation / regular reporting Implementation of planned / potential investment and consequential income streams A robust & critical review of investment proposals is required / undertaken Develop commercial skills		Current Risk Score	9
Gross Severity	3			Current Severity	3
Gross Likelihood	4			Current Likelihood	3
Gross Risk Review Date	29-Mar-2019			Last Risk Review Date	01-Jul-2019
Consequences	Increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities				
Vulnerabilities/causes	Delivery of the planned Commercial Investment Strategy actions and associated improved investment returns of 4% p.a. arising from the investment of £24m from the capital receipt due to be received over the period 2016 – 2018 from the sale of the former golf course (to support the MTFS in the long term); Review of the Treasury Management Investment Guidance / Minimum Revenue Provision Guidance has been carried out by DCLG - Cipfa currently reviewing the Prudential Code with a potential restriction of investments by Councils given increased risk exposure.				
Risk Notes	Develop Commercial skills and action plan for commerciality				

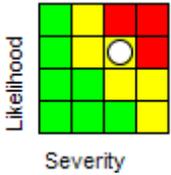
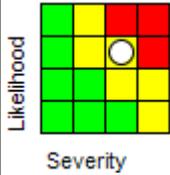
Risk Code	CPR1920 2.4	Risk Title	Workforce Planning Challenges	Current Risk Status	
Description of Risk	Workforce Planning Challenges			Assigned To	Anica Goodwin; Zoe Wolicki
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Service reviews Regular communication Regular ELT briefings, restructure, PDR Essential legislative/compliance/CPD Skills development HR policies and procedures reviewed Financial regulations/procedures Post entry training monitored Managing Attendance policy Healthshield and occupational health Pre employment checks Gender pay reporting Regular updates with Trade Unions Workforce plan succession planning Appraisals Management of change	Current Risk Score	6	
Gross Severity	3		Current Severity	3	
Gross Likelihood	3		Current Likelihood	2	
Gross Risk Review Date	05-Sep-2018		Last Risk Review Date	27-Jun-2019	
Consequences	Strain on remaining staff Risk to service delivery Industrial action Increase in fraud Increase in grievances from staff Inability to align skill levels Pay and conditions below market conditions Increased absence rates Failure to manage change				
Vulnerabilities/causes	Staff become overloaded Low morale has impact on service delivery Industrial unrest Redundancy costs Failure to communicate effectively High sickness levels				

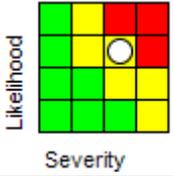
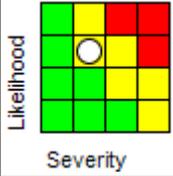
	Leadership capacity insufficient to drive change & transformation Senior management review Inequality Unable to recruit to essential vacant posts Inability to deliver key projects Key officers diverted to other new commitments
Risk Notes	No Changes

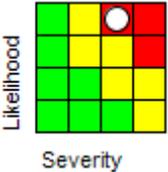
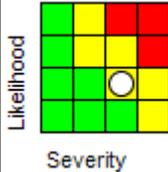
Risk Code	CPR1920 2.5	Risk Title	Continuous Improvement	Current Risk Status	
Description of Risk	Continuous Improvement			Assigned To	Andrew Barratt; Anica Goodwin
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6	Clear communications re change Robust policies and procedures Effective project management On-going transformational programmes Post Implementation Reviews Leadership Long term planning for continuous improvement clarity of strategies/ purpose Peer Challenge Membership of professional bodies	Current Risk Score	4	
Gross Severity	3		Current Severity	2	
Gross Likelihood	2		Current Likelihood	2	
Gross Risk Review Date	20-Sep-2018		Last Risk Review Date	27-Jun-2019	
Consequences	Change is not completed No strategic direction Inability to deliver key projects				
Vulnerabilities/causes	No clarity around responsibilities and accountabilities Lack of leadership Work overload				
Risk Notes	No changes				

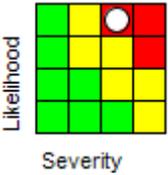
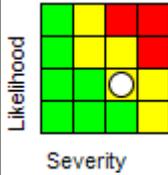
Risk Code	CPR1920 2.6	Risk Title	Partnerships fail	Current Risk Status	
Description of Risk	Partnerships			Assigned To	Rob Barnes; Joanne Sands
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Regular partnership service meetings Engagement with service realignments Development of collaborative working TSP Partnership Coordination Group	Current Risk Score	6	
Gross Severity	3		Current Severity	3	
Gross Likelihood	3		Current Likelihood	2	
Gross Risk Review Date	16-Oct-2018		Last Risk Review Date	27-Jun-2019	
Consequences	Inability to provide service to the required level Loss of service Lack of skilled resources				
Vulnerabilities/causes	Partnerships fail Inability to provide resources to partnership service arrangements Service arrangements provided by other partners cease				
Risk Notes	No Changes Partnership Co-ordination group established				

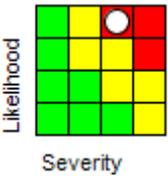
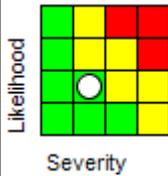
Risk Code	CPR1920 4	Risk Title	Governance	Current Risk Status	
Description of Risk	Ensure that processes, policies and procedures are in place and the authority is held to account		Assigned To		
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	 <p>Likelihood</p> <p>Severity</p>
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					

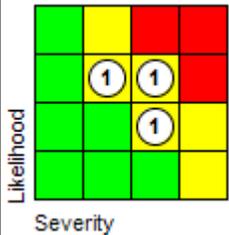
Risk Code	CPR1920 4.1	Risk Title	Democratic Process	Current Risk Status	
Description of Risk	Democratic Process			Assigned To	Andrew Barratt; Anica Goodwin;
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Regular review and update of Constitution Scheme of Delegation Forward plan and key decisions Meetings open to the public Training for Members Audit & Governance Committee including Standards Committee) Scrutiny Committees Constitution increased access to services increase use of technology Reference to 'Every Voice Matters' Member Induction	Current Risk Score	9	
Gross Severity	3		Current Severity	3	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date	05-Sep-2018		Last Risk Review Date	27-Jun-2019	
Consequences	Damage to reputation Legal challenge Damage to reputation Financial impact on poor decisions Increase of "call ins"				
Vulnerabilities/causes	Failure to match social and political expectations Failure to act on feedback Ultra vires decisions Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Failure to understand key decisions, legal/governance requirements Inappropriate decision making Changes to political control Members resign from duties/as a member				
Risk Notes	No Change The risks have been reviewed by Andrew Barratt and he established that there are no changes to the Matrix required				

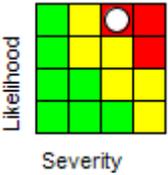
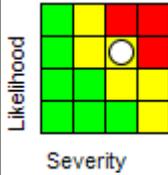
Risk Code	CPR1920 4.2	Risk Title	Assurance Process	Current Risk Status	
Description of Risk	Assurance Process			Assigned To	Andrew Barratt; Stefan Garner;
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Internal Audit External Audit Audit & Governance Committee including Standards Committee Scrutiny Committees Annual Governance Statement & Managers Assurance Statements Corporate fraud officer Section 151 Officer Monitoring Officer Policies and procedures	Current Risk Score	6	
Gross Severity	3		Current Severity	2	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date	04-Sep-2018		Last Risk Review Date	03-Jul-2019	
Consequences	Erosion in trust and confidence Reputational damage Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Damage to reputation Increased demand for resources Poor inspection/audit comments				
Vulnerabilities/causes	Policies and procedures not followed Lack of resources Policies are not updated				
Risk Notes	No Change The risks have been reviewed by Andrew Barratt and he established that there are no changes to the Matrix required				

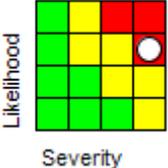
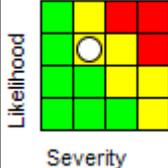
Risk Code	CPR1920 4.3	Risk Title	Legislation	Current Risk Status	
Description of Risk	Legislation			Assigned To	Rob Barnes; Andrew Barratt; Stefan Garner; Anica Goodwin;
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Constitution & Scheme of Delegation with regular review and update Solicitor to the Council Obligations under various legislation Monitoring of government reforms and changes in statute CPD Training Horizon Scanning consultation updates Membership of Professional Bodies		Current Risk Score	6
Gross Severity	3			Current Severity	3
Gross Likelihood	4			Current Likelihood	2
Gross Risk Review Date	05-Sep-2018			Last Risk Review Date	27-Jun-2019
Consequences	Non-compliance with legal requirements Damage to reputation Prosecution, fines Legal challenge Ultra vires decisions				
Vulnerabilities/causes	Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Non compliance with legislation Lack of resources Loss of key staff/members				
Risk Notes	No Change The risks have been reviewed by Andrew Barratt and he established that there are no changes to the Matrix required				

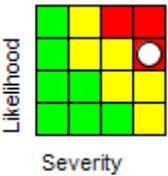
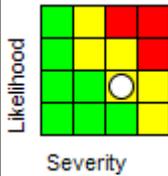
Risk Code	CPR1920 4.4	Risk Title	Policies & Procedures	Current Risk Status	
Description of Risk	Policies & Procedures			Assigned To	Corporate Management Team;
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Constitution & Scheme of Delegation with regular review and update Regular review and update of financial guidance Audit & Governance Committee including Standards Committee) Scrutiny Committees Annual Governance Statement & Managers Assurance Statements Whistleblowing Policy & Counter Fraud Policy Money Laundering Policy Section 151 Officer Monitoring Officer Partnership Guidance Policy NetConsent for policy management and acceptance RIPA Policy & staff training Data Protection Policy/Cyber Awareness & staff training GDPR Astute - e-learning	Current Risk Score	6	
Gross Severity	3		Current Severity	3	
Gross Likelihood	4		Current Likelihood	2	
Gross Risk Review Date	05-Sep-2018		Last Risk Review Date	27-Jun-2019	
Consequences	Fraud Poor performance				
Vulnerabilities/causes	Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Lack of resources				
Risk Notes					

Risk Code	CPR1920 4.5	Risk Title	Ethics	Current Risk Status	
Description of Risk	Ethics			Assigned To	Andrew Barratt;
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Monitoring Officer Declaration of interests, gifts & hospitality Codes of Conduct for members and officers Policies and procedures		Current Risk Score	4
Gross Severity	3			Current Severity	2
Gross Likelihood	4			Current Likelihood	2
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	03-Jul-2019
Consequences	Reputational damage				
Vulnerabilities/causes	Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Lack of resources				
Risk Notes	No change The risks have been reviewed by Andrew Barratt and he established that there are no changes to the Matrix required				

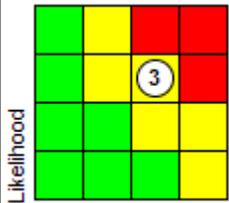
Risk Code	CPR1920 5	Risk Title	Community Focus	Current Risk Status	
Description of Risk	To ensure the safety, health and wellbeing of the citizens of the borough		Assigned To		
Gross Risk Matrix		Risk Treatment Measures Implemented	Current Risk Matrix		
Gross Risk Score			Current Risk Score		
Gross Severity			Current Severity		
Gross Likelihood			Current Likelihood		
Gross Risk Review Date			Last Risk Review Date		
Consequences					
Vulnerabilities/causes					
Risk Notes					

Risk Code	CPR1920 5.1	Risk Title	Community Cohesion & Engagement	Current Risk Status	
Description of Risk	Community Cohesion & Engagement			Assigned To	Rob Barnes; Tina Mustafa; Joanne Sands
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Neighbourhood working and collaborative arrangements currently under review ASB policy Partnership working Financial inclusion policy Community engagement - locality Corporate consultation database Participatory budgeting Tamworth advice centre Dementia friendly status VCSE Commissioning Grants Review Review TCO		Current Risk Score	9
Gross Severity	3			Current Severity	3
Gross Likelihood	4			Current Likelihood	3
Gross Risk Review Date	16-Oct-2018			Last Risk Review Date	27-Jun-2019
Consequences	Long term costs Not meeting/understanding users needs Increase in crime and disorder Poor use of funding Increased tensions in the community Failure to meet demand Fear of perception of crime				
Vulnerabilities/causes	Economic recession Poverty Welfare reforms Services withdrawn Communities become fragmented				
Risk Notes	<i>No Change</i> The risks have been reviewed and there are no changes				

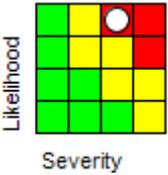
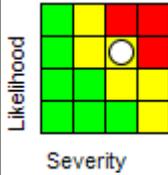
Risk Code	CPR1920 5.2	Risk Title	Safeguarding Children & Adults (including Modern Slavery)	Current Risk Status	
Description of Risk	Safeguarding Children & Adults at Risk of Abuse & Neglect m(including Modern Slavery)			Assigned To	Rob Barnes; Joanne Sands
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Policy in place		Current Risk Score	6
Gross Severity	4	Training for staff and members		Current Severity	2
Gross Likelihood	3	Appropriate risk assessments completed		Current Likelihood	3
Gross Risk Review Date	16-Oct-2018	Senior leadership commitment		Last Risk Review Date	03-Jul-2019
Consequences	Death, serious injury Legal challenge Loss of reputation Prosecution Increase in inspection Increase in demand				
Vulnerabilities/causes	Non-compliance with legislation Lack of appropriate policy and procedures Low awareness amongst staff and members Lack of joined up case management Case management systems unable to share data or support risk management Lack of appropriate services Gaps in service provision				
Risk Notes	No change The risks have been reviewed and no changes identified				

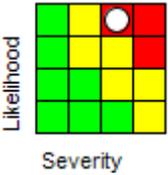
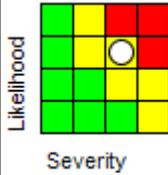
Risk Code	CPR1920 5.3	Risk Title	Emergency Planning	Current Risk Status	
Description of Risk	Emergency Planning			Assigned To	Rob Barnes; Tina Mustafa
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	<p>Emergency Plan in place</p> <p>Emergency planning training completed at various levels</p> <p>Business Continuity Plans in place</p> <p>Comprehensive review of corporate business continuity with representation across all directorates. Policy, terms of reference and testing schedule</p> <p>Active engagement in Exercises</p> <p>Insurance cover in place to cover exposure to financial loss.</p> <p>Advice and guidance on Risk Management and Business Continuity on the intranet</p> <p>Emergencies advice available on website</p> <p>Building- fire prevention controls in place and tested on a regular basis</p> <p>Adequate physical security controls in place and reviewed on a regular basis.</p> <p>IT business continuity plan in place and tested on a regular basis</p> <p>Service impact analysis completed to rank priority of services</p> <p>Corporate business continuity plan in place</p> <p>All communication plans tested on a regular basis</p> <p>Emergency plan tested on a regular basis</p> <p>Business Continuity Group</p> <p>Membership of Staffordshire CCU & Resilience Forum</p> <p>Effective communication /ICT tools/ infrastructure eg mobile phones, laptops</p> <p>Representation at newly formed CCU Strategic Leaders Meeting</p> <p>Successful no notice test</p> <p>Learning from recent incidents - informing preparedness</p> <p>Comprehensive internal audit across BC and EP resulting in a number of agreed management actions</p> <p>Emergency Planning Admin all brought into ICT</p> <p>Actual ICT Disaster recovered from within appropriate timescales</p> <p>Attendance at SRF meetings</p>	Current Risk Score	6	
Gross Severity	4		Current Severity	3	
Gross Likelihood	3		Current Likelihood	2	
Gross Risk Review Date	10-Oct-2018		Last Risk Review Date	03-Jul-2019	
Consequences	<p>Services not delivered</p> <p>Damage to reputation</p> <p>Civil Contingency Act requirements not met</p> <p>Death</p> <p>Destruction of property</p>				

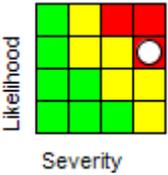
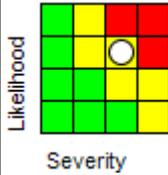
	<p>Damage to the environment Adverse affect on vulnerable groups Public expectations of service delivery not met Increased costs for alternative service delivery</p>
Vulnerabilities/causes	<p>Lack of integrated emergency arrangements making it difficult to react quickly to a disaster and provide the required support and essential service in line with the requirements of the Civil Contingencies Act. Failure to test plans Failure to undertake training Plans not activated plans do not accurately identify the staffing/resources required Implications of industrial action from other service providers ie Fire Service</p>
Risk Notes	No Change
	The emergency plans are in place but are currently being reviewed by Alex from the CCU - TM. System updated by RB as TM experiencing access issues

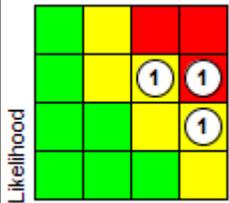
Risk Code	CPR1920 6	Risk Title	Economic Growth & Sustainability	Current Risk Status	
Description of Risk	To ensure that the economic growth and sustainability of the borough is maintained			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	 <p>Likelihood</p> <p>Severity</p>
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					

43

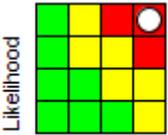
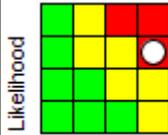
Risk Code	CPR1920 6.1	Risk Title	Regeneration	Current Risk Status	
Description of Risk	Regeneration			Assigned To	Andrew Barratt; Matthew Bowers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Long term investment Safe and secure estate Support to local businesses Tamworth and Lichfield for business Town centre and tourism development		Current Risk Score	9
Gross Severity	3			Current Severity	3
Gross Likelihood	4			Current Likelihood	3
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	03-Jul-2019
Consequences	Deprivation Loss of footfall to retail areas Reputational damage				
Vulnerabilities/causes	Lack of investment in the borough No investment in the town centre				
Risk Notes	No Change				
	Continue to offer business grants and signposting to businesses. Investment in town centre site				

Risk Code	CPR1920 6.2	Risk Title	Housing Needs	Current Risk Status	
Description of Risk	Housing Needs			Assigned To	Rob Barnes; Tina Mustafa; Joanne Sands
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Homelessness strategy under review. Evidence base being updated HRA Business lan updated and Investment plan agreed Third Sector support and early help development Investment and partnership to deliver new affordable homes New Allocations Policy Allocations Policy under review - developed project Plan Rough sleeping Assessment Housing Strategy commissioning		Current Risk Score	9
Gross Severity	3			Current Severity	3
Gross Likelihood	4			Current Likelihood	3
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	27-Jun-2019
Consequences	Impact of housing need and homelessness on households Additional demand for Council services Additional demand on 3rd Sector Statutory agencies Overcrowding and wellbeing impact of poor housing				
Vulnerabilities/causes	Lack of accessible homes Lack of affordable homes Poor conditions in the Private Sector Increased homelessness				
Risk Notes	No changes required Reviewed by TM adequate controls still in place. system updated by RB as TM experiencing access issues				

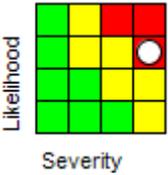
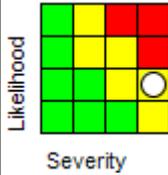
Risk Code	CPR1920 6.3	Risk Title	Economic Changes	Current Risk Status	
Description of Risk	Economic Changes			Assigned To	Andrew Barratt; Matthew Bowers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Support to local businesses Business and economic partnership Business growth programme Tamworth & Lichfield for business Growth hub Start up business grants for small business Tamworth enterprise centre	Current Risk Score	9	
Gross Severity	4		Current Severity	3	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date	10-Oct-2018		Last Risk Review Date	03-Jul-2019	
Consequences	No external funding to aid economy and growth Economic prosperity declines Increased demand for social housing Increased costs to council services due to increased demand				
Vulnerabilities/causes	Failure to recognise economic changes Sudden economic downturn affecting businesses Loss of major employer in the region Failure to recognise opportunities Rapid increase in inflation Changes in government funding/grants Collapse/decline of property market				
Risk Notes	No Change mindful of Brexit consequences in short and long term. working with partners to promote awareness and consider impacts. offer business grants and signposting to other agencies for support				

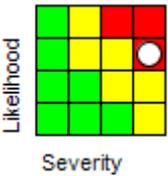
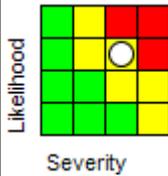
Risk Code	CPR1920 7	Risk Title	Information Safeguarding	Current Risk Status	
Description of Risk	To ensure that our data is protected			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					

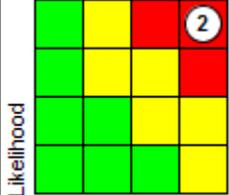
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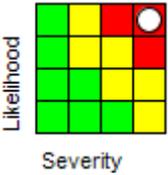
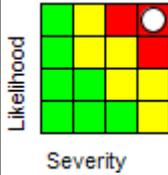
Risk Code	CPR1920 7.1	Risk Title	Data Protection	Current Risk Status	
Description of Risk	Data Protection			Assigned To	Anica Goodwin; Zoe Wolicki
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	16	GDPR training Secure password protocol IT physical controls Encryption protocols secure wifi ICO protocol Penetration testing GDPR implemented & ongoing quarterly review & action plan in place Data Protection Officer in place & appropriate backup arrangements Senior management support Comprehensive training plan for staff and members Privacy impact assessments completed for new Projects/implementation/solutions Data sharing protocols		Current Risk Score	12
Gross Severity	4			Current Severity	4
Gross Likelihood	4			Current Likelihood	3
Gross Risk Review Date	05-Sep-2018			Last Risk Review Date	27-Jun-2019
Consequences	Reputational damage Fine				
Vulnerabilities/causes	Human error Virus/hacking				
Risk Notes					

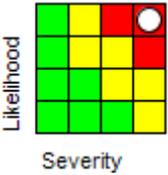
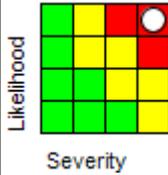
Page 48

Risk Code	CPR1920 7.2	Risk Title	Cyber Security	Current Risk Status	
Description of Risk	Cyber Security			Assigned To	Anica Goodwin; Zoe Wolicki
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	GDPR compliance and training GCSX PSN compliance Physical security Business continuity plans Penetration testing Firewalls Anti virus software Up to date patching of servers & desktops		Current Risk Score	8
Gross Severity	4			Current Severity	4
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date	05-Sep-2018			Last Risk Review Date	27-Jun-2019
Consequences	Fine Reputational damage Potential imprisonment Loss of data Inability to deliver service				
Vulnerabilities/causes	Insecure IT equipment Human error Loss of equipment/data Theft Equipment failure Hacking/viruses				
Risk Notes					

Risk Code	CPR1920 7.3	Risk Title	Business Continuity	Current Risk Status	
Description of Risk	Business Continuity			Assigned To	Rob Barnes; Paul Weston
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Emergency plan in place Business continuity plans in place Insurance cover Advice and guidance on risk management and business continuity Fire prevention controls Physical building controls on place Communication plan Business continuity group Membership of Staffordshire CCU & resilience forum Learning from previous incidents - informing level of preparedness Support from CCU Link Officer	Current Risk Score	9	
Gross Severity	4		Current Severity	3	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date	10-Oct-2018		Last Risk Review Date	27-Jun-2019	
Consequences	Services not delivered Damage to reputation Civil contingency act obligations not met Death Destruction of property Damage to the environment Adverse affect on vulnerable groups Public expectations of service delivery not met Increased costs for alternative service delivery				
Vulnerabilities/causes	Lack of integrated emergency arrangement making it difficult to react Failure to test plans Failure to undertake training Plans not activated Plans do not accurately identify the staffing/resources required Implications of industrial action from other service providers eg fire service Lack of staff engagement in BC Group				
Risk Notes	No change from previous assessment. Programme of BC reviews to be implemented and will focus on priority areas. No changes as per PW				

Risk Code	CPR1920 8	Risk Title	Brexit	Current Risk Status	
Description of Risk	The Impact of Brexit upon the Council			Assigned To	Andrew Barratt; Stefan Garner
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	 <p>Likelihood</p> <p>Severity</p>
Gross Risk Score	16			Current Risk Score	
Gross Severity	4			Current Severity	
Gross Likelihood	4			Current Likelihood	
Gross Risk Review Date	28-Mar-2019			Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					

Risk Code	CPR1920 8.1	Risk Title	Financial	Current Risk Status	
Description of Risk				Assigned To	Andrew Barratt; Stefan Garner
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	16	Implications reassessed as part of the budget setting process and quarterly MTFS updates		Current Risk Score	16
Gross Severity	4			Current Severity	4
Gross Likelihood	4			Current Likelihood	4
Gross Risk Review Date	15-Mar-2019			Last Risk Review Date	08-Jul-2019
Consequences	<p>Reduced level of economic growth and further austerity/prosperity/downturn in the economy Changes to central government policy EU grants cease Reduced base interest rate NNDR / Council Tax targets not achieved with increased bankruptcy / Liquidations Government has awarded £35k for EU exit preparations Contract failure due to Brexit impact on core suppliers</p>				
Vulnerabilities/causes	<p>Uncertainty over the impact of Brexit has increased the financial uncertainty for the UK - reduced levels of economic growth, changes to central government policy, EU grants ceased, reduced interest, employment uncertainty</p>				
Risk Notes	<p>The current risk is recorded at the maximum risk level as the impact and options to mitigate are currently unknown</p>				

Risk Code	CPR1920 8.2	Risk Title	The Impact of Brexit upon the Council	Current Risk Status	
Description of Risk				Assigned To	Andrew Barratt; Stefan Garner
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	16	Monitoring of the political process Central log/register issue that may impact as they develop Take opportunity to realise any additional funding made available to mitigate negative impacts Involvement and updates to Local and Regional Resilience forums.		Current Risk Score	16
Gross Severity	4			Current Severity	4
Gross Likelihood	4			Current Likelihood	4
Gross Risk Review Date	08-Jul-2019			Last Risk Review Date	08-Jul-2019
Consequences	Potential tightening of the Labour market Delay in works due to supply delays Restricted economic growth of the Local Area as the new trading arrangements settle in and business confidence is re-established.				
Vulnerabilities/causes					
Risk Notes	The current risk is recorded at the maximum risk level as the impact and options to mitigate are currently unknown				

Page 253

THURSDAY, 25 JULY 2019

REPORT OF ASSISTANT DIRECTOR PARTNERSHIPS

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2018/19

EXEMPT INFORMATION

None

PURPOSE

To endorse the Council's Modern Slavery and Human Trafficking Statement 2018/19

RECOMMENDATIONS

It is recommended that:

1. The Committee endorse the Modern Slavery and Human Trafficking Statement for approval by Cabinet

EXECUTIVE SUMMARY

Section 54 of the Modern Slavery Act 2015 imposes a legal duty on organisations, which supply goods and/or services from or to the UK and have a global turnover above £36 million, to publish a slavery and human trafficking statement at the end of each financial year.

Tamworth Borough Council adopts a zero-tolerance position on known violations of anti-human trafficking and anti-modern slavery laws and is included in Safeguarding policies and duties. We are committed to improving our practices and ensuring there is no modern slavery or human trafficking in any part of our business and in so far as is possible requiring our suppliers to hold similar ethos.

The Modern Slavery and Human Trafficking Statement (attached as Appendix 1) sets out the Council's actions to understand potential modern slavery risks related to its business and put in place steps that are aimed at ensuring that there is no slavery or human tracking in its own business, and its supply chains and relates to actions and activities during the financial year 1 April 2018 to 31 March 2019 and (once approved) will be published on the Tamworth Borough Council website.

RESOURCE IMPLICATIONS

Support of the Modern Slavery Act 2015 obligations is met from existing budget and staff resources

LEGAL/RISK IMPLICATIONS BACKGROUND

The publication of an annual Modern Slavery and Human Trafficking Statement is a requirement of the Modern Slavery Act 2015

SUSTAINABILITY IMPLICATIONS

The legislation requires the Council to meet all obligations outlined

BACKGROUND INFORMATION

Modern slavery is an international crime, affecting an estimated 29.8 million slaves around the world. It is a growing global issue that transcends age, gender and ethnicities. It includes victims who have been brought from overseas and vulnerable people in the UK, who are forced to illegally work against their will across many different sectors such as agriculture, hospitality, construction, retail and manufacturing.

The Modern Slavery Act 2015 consolidates various offences relating to human trafficking and slavery. In broad terms:

- 'slavery' is where ownership is exercised over a person
- 'servitude' involves coercion to oblige a person to provide services
- 'forced and compulsory labour' is where a person works or provides services on a non-voluntary basis under the threat of a penalty
- 'human trafficking' involves arranging or facilitating the travel of a person with a view to exploiting them

Section 52 of the Act imposes a duty on public authorities, including district councils, to notify the Secretary of State of suspected victims of slavery or human trafficking.

Section 54 of the Act imposes a legal duty on organisations, which supply goods and/or services from or to the UK and have a global turnover above £36 million, to publish a slavery and human trafficking statement each financial year.

The Council engages in commercial activity (statutory and discretionary) and provides a range of services to residents, businesses and visitors. This includes waste collection and recycling, collection of council tax and business rates, housing, homeless support, parks and open spaces, planning and building control, street cleaning, promoting economic growth and regeneration, environmental health, leisure services, community safety and election administration. Services are delivered through a mixture of direct provision, commissioned services, contracted services, joint/shared services and partnerships. Its annual turnover is greater than £36 million.

REPORT AUTHOR

Jo Sands, Assistant Director Partnerships

LIST OF BACKGROUND PAPERS

Modern Slavery Act 2015

APPENDICES

Appendix 1 – Tamworth Borough Council Modern Slavery and Human Trafficking Statement 2018/19

Tamworth Borough Council Modern Slavery and Human Trafficking Statement

Introduction

Modern slavery is an international crime, affecting an estimated 29.8 million slaves around the world. It is a growing global issue that transcends age, gender and ethnicities. It includes victims who have been brought from overseas and vulnerable people in the UK, who are forced to illegally work against their will across many different sectors such as agriculture, hospitality, construction, retail and manufacturing.

Tamworth Borough Council adopts a zero-tolerance position on known violations of anti-human trafficking and anti-modern slavery laws. We are committed to improving our practices and ensuring there is no modern slavery or human trafficking in any part of our business and in so far as is possible requiring our suppliers to hold similar ethos.

This Modern Slavery and Human Trafficking Statement sets out the Council's actions to understand potential modern slavery risks related to its business and put in place steps that are aimed at ensuring that there is no slavery or human tracking in its own business, and its supply chains.

This Modern Anti-Slavery and Human Trafficking Statement relates to actions and activities during the financial year 1 April 2018 to 31 March 2019.

The Modern Slavery Act 2015

The Modern Slavery Act 2015 consolidates various offences relating to human trafficking and slavery. In broad terms:

- 'slavery' is where ownership is exercised over a person
- 'servitude' involves coercion to oblige a person to provide services
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Section 54 of the Act imposes a legal duty on organisations, which supply goods and/or services from or to the UK and have a global turnover above £36 million, to publish a slavery and human trafficking statement each financial year.

The Council engages in commercial activity (statutory and discretionary) and provides a range of services to residents, businesses and visitors. This includes waste collection and recycling, collection of council tax and business rates, housing, homeless support, parks and open spaces, planning and building control, street cleaning, promoting economic growth and regeneration, environmental health, leisure services, community safety and election administration. Services are delivered through a mixture of direct

provision, commissioned services, contracted services, joint/shared services and partnerships. Its annual turnover is greater than £36million.

Standards

Tamworth Borough Council will meet the following standards and also expects those with whom it does business with, to meet these standards:

- To support every individual's human right to live free from abuse, servitude and inhumane treatment
- To promote ethical business and operational practices in corporate activity and the services delivered
- To take appropriate steps to ensure that slavery and human trafficking is not taking part in any of its business or supply chains
- To take reports of witnessed, suspected or disclosed concerns of slavery and human trafficking seriously
- To take appropriate steps with relevant partner agencies to address actual instances of slavery and human trafficking

Policies and Procedures

Tamworth Borough Council has a range of policies and plans in place which reflect its commitment to acting ethically and with integrity to prevent slavery and human trafficking in its operations:

- Vision and Council Plan - The Council's vision is 'One Tamworth Perfectly Placed – Open for business since the 7th Century AD' and our Council Plan includes a key objective of living a quality life in Tamworth
- Safeguarding Children and Vulnerable Adults Policy – outlines a robust approach taken by the Council to safeguard the welfare of children and 'adults at risk'.

All staff and councillors are required to read and work within this policy. The Council works within multi-agency partnerships to protect and safeguard people and has identified two lead officers for modern slavery.. The policy covers how the Council should comply with the duty to notify the Secretary of State of suspected victims of slavery and human trafficking.

- Whistleblowing Policy – encourages all its employees to report concerns about any aspect of service provision, conduct of officers and others acting on behalf of the Council, or the supply chain. The policy is designed to make it easy to make disclosures without fear of discrimination and victimisation.
- Employee and Members Code of Conduct – is the ethical framework that employees and Members work to, which makes clear the actions and behaviour expected of them when representing the Council. The Council strives to maintain the highest standards of employee conduct and ethical behaviour and breaches are investigated.

- Recruitment Policy – sets out robust processes in line with UK employment laws, including ‘right to work’ document checks and contracts of employment.. To comply with the Asylum, Immigration and Nationality Act 2006, all prospective employees are asked to supply evidence of their eligibility to work in the UK. References are also requested and followed up.
- Job Evaluation Scheme - ensures that all employees are paid fairly and equitably. When the Council uses employment agencies to source labour it verifies the practice of any new agency it is using before accepting workers from that agency.
- Equality and Diversity Scheme ‘Making Equality Real In Tamworth’ - sets out the how the Council will promote diversity and equality in the delivery of services provided both directly and in conjunction with our partners.

Supply Chains

In the procurement process, Tamworth Borough Council expects all suppliers of goods and services to comply with all applicable laws, statutes, regulations [and codes] from time to time in force [including [but not limited to] the Modern Slavery Act 2015, their own anti-slavery policy (where applicable) and this Modern Anti-Slavery and Human Trafficking Statement.

The Council recognises that the organisation is exposed to greater risk when dealing with contractors and service suppliers. The Council has a wide range of suppliers delivering services across all directorates. The Council aims to reduce the risk of modern slavery in its supply chain by undertaking the following actions:

- Where appropriate key contractors are required to have safeguarding policies, procedures and training in place, in addition to providing confirmation of compliance with the Modern Slavery Act;
- Identify services that are more vulnerable to modern slavery and seeking assurance that their supply chain is free of modern slavery and human trafficking;
- Where appropriate, our Invitation To Quote (ITQ) and Invitation To Tender (ITT) documents ask if the contractor is a relevant commercial organisation as defined by section 54 ("Transparency in supply chains etc.") of the Modern Slavery Act 2015 ("the Act").
- Relevant contractors are then asked if they are compliant with the annual reporting requirements contained within Section 54 of the Act. If they are compliant then the contractor is required to provide the relevant URL address and if they aren't, then the company is recorded as failing is removed from the procurement process.

Training and awareness

Tamworth Borough Council has a programme of safeguarding training for all employees and elected members. This includes content about modern slavery and human trafficking and enables them to identify and know how to report suspected or disclosed incidents.

Information on Modern Slavery was incorporated into the Council's safeguarding policy and also included within Level 1 safeguarding awareness training in 2016. At present any concerns can be reported to the Safeguarding Officer.

Work is ongoing with Staffordshire County Council to seek to deliver a bespoke modern slavery session to all relevant staff

How to Report Modern Slavery

If you suspect someone may be at risk of Modern Slavery telephone 101 to report it to Staffordshire Police, or if someone is in immediate danger always call 999.

Crimes can be anonymously reported via Crimestoppers. on 0800 555 111 or via modernslavery.co.uk's hotline on 0800 0121 700

Partnership working

Tamworth Borough Council has a strong track record of working in partnership with other agencies to respond to safeguarding, slavery and trafficking issues. This includes supporting the Staffordshire County Council, Office of the Police and Crime Commissioner and Staffordshire Police through the Tamworth Community Safety Partnership.

The Council works with colleagues to develop a common understanding and partnership approach to the threats, vulnerabilities and risks relating to slavery and human trafficking.

We also work with a range of agencies to safeguard children and vulnerable adults. This includes supporting the work of the local safeguarding boards and district Councils safeguarding network. The Council wants its employees to understand more about this growing issue and how to report any suspicions they may have, whether in a work or personal context.

Risks have been identified with partners in premises subject to licensing regulations and all partners have taken a collaborative role to report concerns, investigate and take appropriate enforcement actions.

This Modern and Anti-Slavery and Human Trafficking Statement has been approved by Council's Corporate Management Team and endorsed by the Audit & Governance Committee and Cabinet. It will be reviewed and updated as necessary on an annual basis for monitoring and assurance purposes.

A handwritten signature in black ink, appearing to be 'AB', followed by a long horizontal line extending to the right.

Andrew Barratt
Chief Executive
July 2019

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AUDIT & GOVERNANCE COMMITTEE
25 JULY 2019
REPORT OF THE ASSISTANT DIRECTOR – PARTNERSHIPS
REGULATION OF INVESTIGATORY POWERS ACT 2000

Purpose

The Council's Code of Practice for carrying out surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) specifies that quarterly reports will be taken to Audit & Governance Committee to demonstrate to elected members that the Council is complying with its own Code of Practice when using RIPA.

Report for information

Recommendation

That Audit and Governance Committee endorse the RIPA monitoring report for the quarter to 30 June 2019 circulated for information.

Executive Summary

The Council has a number of statutory functions that involve officers investigating the conduct of others with a view to bringing legal action against them. The Council has also been given powers under the Regulation of Investigatory Powers Act 2000 (RIPA) which enable it to carry out Directed Surveillance in certain strict circumstances. RIPA provides a legal framework for the control and regulation of surveillance and information gathering techniques which public bodies such as Tamworth Borough Council have to comply with. These powers have been amended and changed in accordance with various pieces of legislation. The last change resulted in a revised RIPA Policy being approved by the Council on 12 December 2017.

The Protection of Freedoms Act 2012 now requires that local authority authorisations under RIPA for Directed Surveillance or CHIS can only become effective on the granting of an order approving the authorisation by a Justice of the Peace. Further a local authority can now only have an authorisation under RIPA for the use of Directed Surveillance where the local authority is investigating criminal offences which attract a maximum custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco under the Licensing Act 2003 or the Children and Families Act 2014.

No Directed Surveillance has been carried out by the Council since 2011 and it is not envisaged that there will be any appreciable change in the foreseeable future. By adhering to Policy the Council ensure that the acquisition and disclosure of data is lawful, necessary and proportionate so that the Council will not be held to be in breach of Article 8 (the right to respect for private family life, home and correspondence) of the European Convention on Human Rights.

In July 2017 the Office of the Surveillance Commissioner (OSC) conducted an inspection into the RIPA policy, procedures, documentation and training utilised at the Council. Arising from the inspection it has been recommended that guidance regarding use of internet and SNS for research of persons and how this might meet the requirement as directed surveillance or CHIS should be drawn up, inserted into our policy and procedures and actively disseminated to staff.

Training took place in October 2017 for officers who previously had no RIPA training and for members with refresher training being delivered for those officers previously trained. Further training will be arranged through Netconsent. The feedback from the training has been positive and going forward training for RIPA has been added to the Corporate Training Programme.

Further update training was provided to members of the Corporate Management Team in January 2019.

The practice that quarterly reports on the use of RIPA powers be submitted to Audit & Governance Committee will continue for verbal update unless applications have been made.

Options Considered

Obligations arising under RIPA for the authority are statutory therefore there the only option is compliance.

Resource Implications

Support for the RIPA obligations and functions are met from existing budget and existing staff resources.

Legal/Statutory and Risk Implications

The recording of applications, authorisations, renewals and cancellations of investigations using covert surveillance techniques or involving the acquisition of communications data is covered by the Regulation of Investigatory Powers Act 2000.

The Regulation of Investigatory Powers Act was introduced to regulate existing surveillance and investigation in order to meet the requirements of Article 8 of the Human Rights Act. Article 8 states: Everyone has the right for his private and family life, home and correspondence. There shall be no interference by a public authority with the exercise of this right except such as in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the Country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.

RIPA investigations can only be authorised by a local authority where it is investigating criminal offences which

(1) attract a maximum custodial sentence of six months or more or

(2) relate to the sale of alcohol or tobacco products to children.

There are no risk management or Health and Safety implications.

Sustainability Implications

The legislation requires the Authority to record and monitor all RIPA applications, keep the records up to date and report quarterly to a relevant Committee.

Background Information

The RIPA Code of Practice produced by the Home Office in April 2010 and updated in January 2016 introduced the requirement to produce quarterly reports to elected members to demonstrate that the Council is using its RIPA powers appropriately and complying with its own Code of Practice when carrying out covert surveillance. This requirement relates to the use of directed surveillance and covert human intelligence sources (CHIS).

The table below shows the Council's use of directed surveillance in the current financial year to provide an indication of the level of use of covert surveillance at the Council. There have been no applications under RIPA in the period from 1 October 2018 to 31 December 2018.

The table outlines the number of times RIPA has been used for directed surveillance, the month of use, the service authorising the surveillance and a general description of the reasons for the surveillance. Where an investigation is ongoing at the end of a quarterly period it will not be reported until the authorisation has been cancelled. At the end of the current quarterly period there were no outstanding authorisations.

There have been no authorisations for the use of CHIS.

Financial year 2019/20

No applications to 30 June 2019

Background papers

None

If Members would like further information or clarification prior to the meeting please contact Jo Sands, Assistant Director - Partnerships on Ext.585

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AUDIT & GOVERNANCE COMMITTEE

25 JULY 2019

REPORT OF THE INTERIM HEAD OF INTERNAL AUDIT SERVICES

COUNTER FRAUD UPDATE

EXEMPT INFORMATION

None.

PURPOSE

To provide Members with an update of Counter Fraud work completed to date during the 2019/20 financial year.

RECOMMENDATIONS

That the Committee:

- 1 That the Committee considers this report and raises any issue it deems appropriate.
- 2 Endorses the Fraud & Corruption Risk Register Summary. (Appendix 1)

EXECUTIVE SUMMARY

In line with good practice, a Fraud Risk Register is maintained and reviewed on a quarterly basis. The latest Fraud Risk Register Summary is attached as **Appendix 1**.

A new data matching exercise through the National Fraud Initiative (NFI) is currently being completed. Data has been submitted for matching and the results will be available for investigation in February 2017.

The Authority has a dedicated Corporate Anti-Fraud Investigations Officer who has been in post since September 2015. This is to ensure that the Authority is taking a more proactive approach to fraud rather than reactive as previously adopted. As well as continuing with the work on the NFI matches previously identified, the Investigations Officer also completes investigations into potential fraud in other areas including NNDR, Council Tax Reduction, Single Persons Discount, illegal sub-letting and non-residence of council housing.

The type and number of investigations completed is detailed below.

Type of fraud case	Number of cases investigated	Number of cases proven	Value
Council tax reduction	3	-	-
Housing benefit	1	-	-
Housing sublet	1	-	-

In addition to the above, we have proactively checked 16 applications at application stage.

The Fraud Action Plan for 2019/20 is attached at **Appendix 2** and shows the work due to be completed and the work completed to date.

RESOURCES IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

There is a risk that the Authority will not have sound governance processes in place.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Kerry Beavis ext 253

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 **Fraud Risk Register Summary**
Appendix 2 **Fraud Response Plan 2019/20**

Fraud & Corruption Risk Register

Report Type: Risks Report

Report Author: Kerry Beavis

Generated on: 03 July 2019

Risk Title	Risk Description	Gross Risk	- Assessment	Current Risk	- Assessment	Last Review Date
Staffing (internal)						
Credit Income	Misappropriation of income		4 significant-unlikely		2 significant-very unlikely	03-Jul-2019
Assets	Theft of fixed assets		9 serious-likely		4 significant-unlikely	03-Jul-2019
Assets	Theft of Council information/intellectual property		12 major - likely		8 major - unlikely	03-Jul-2019
Assets	Inappropriate use of Council assets for private use		8 significant - very likely		6 significant-likely	03-Jul-2019
Property cash/imprest accounts	Theft of takings disguised by manipulation of accounts		2 minor-unlikely		2 minor-unlikely	03-Jul-2019
Expenses claims	Inflated claims		6 significant-likely		4 significant-unlikely	03-Jul-2019
Corruption	Disposal of assets - land and property		6 serious-unlikely		3 serious-very unlikely	03-Jul-2019
Corruption	Award of planning consents and licences		9 serious-likely		3 serious-very unlikely	03-Jul-2019
Corruption	Acceptance of gifts, hospitality, secondary employment		6 significant-likely		4 significant-unlikely	03-Jul-2019
Car parking	Theft of takings		9 serious-likely		6 serious-unlikely	03-Jul-2019
Treasury management	Falsifying records to gain access		12 major - likely		6 serious-unlikely	03-Jul-2019

Risk Title	Risk Description	Gross Risk	– Assessment	Current Risk	– Assessment	Last Review Date
	to loan or investment monies					
Money laundering	Using the council to hide improper transactions		8 major – unlikely		4 significant–unlikely	03-Jul-2019
ICT fraud	Improper use of council ICT equipment		12 major – likely		9 serious–likely	03-Jul-2019
Employee – general	Abuse of flexi system Falsification of car loans		6 significant–likely		4 significant–unlikely	03-Jul-2019
Payment of grants to the public	Grants fraudulently claimed		12 major – likely		6 serious–unlikely	03-Jul-2019
Loans & Investments	Misappropriation of funds Fraudulent payment or investment of funds		12 major – likely		4 significant–unlikely	03-Jul-2019
Regeneration & Development corruption	Regeneration development corruption		12 major – likely		6 serious–unlikely	03-Jul-2019
Financial statements	The financial statements may be materially mis–stated due to fraud		6 serious–unlikely		4 significant–unlikely	03-Jul-2019
New starter	Fraudulent job application		9 serious–likely		4 significant–unlikely	03-Jul-2019
ICT abuse	Improper use of IT equipment		9 serious–likely		4 significant–unlikely	03-Jul-2019
Benefits fraud – internal	Fraudulent claim by member of staff		9 serious–likely		6 serious–unlikely	03-Jul-2019
Cash theft	Theft of takings disguised by manipulation of accounts		4 significant–unlikely		2 significant–very unlikely	03-Jul-2019
Cash theft	Theft of cash without disguise		4 significant–unlikely		1 minor – very unlikely	03-Jul-2019
Payroll	Payment to non existent employees		2 significant–very unlikely		3 serious–very unlikely	03-Jul-2019

Risk Title	Risk Description	Gross Risk	– Assessment	Current Risk	– Assessment	Last Review Date
Payroll	Over claiming hours worked		6 significant–likely		2 minor–unlikely	03-Jul-2019
Payroll	Manipulation of standing data		6 serious–unlikely		2 significant–very unlikely	03-Jul-2019
Assets	Theft of current assets		6 significant–likely		4 significant–unlikely	03-Jul-2019
Procurement & Contract Management						
Selection process	Senior staff influencing junior staff involved in a selection process		6 serious–unlikely		4 significant–unlikely	03-Jul-2019
Lack of awareness of the procurement process	Lack of awareness of risks and issues in the procurement process		6 significant–likely		4 significant–unlikely	03-Jul-2019
Lack of anti fraud culture	No antifraud culture – no due diligence/risk registers		6 significant–likely		2 significant–very unlikely	03-Jul-2019
Contract awarded prior to specification being agreed	Contract awarded prior to specifications being fully agreed and developed; meaning the organisation becomes responsible for additional development and training expenses		6 significant–likely		4 significant–unlikely	03-Jul-2019
Manipulation of preferred bidders list	Manipulation of preferred bidders list		4 significant–unlikely		2 significant–very unlikely	03-Jul-2019
No formal contract in place	No formal contract in place		8 significant – very likely		6 significant–likely	03-Jul-2019
Prices reworked	Prices reworked to enable the successful bidder to move up the		6 significant–likely		4 significant–unlikely	03-Jul-2019

Risk Title	Risk Description	Gross Risk	- Assessment	Current Risk	- Assessment	Last Review Date
	proposal list following initial bidding					
Value of contract disaggregated	Value of contract disaggregated to circumvent organisation/EU regulations		12 serious – very likely		6 significant–likely	03-Jul-2019
Inappropriate high value purchase	Inappropriate high value purchase for an unauthorised purpose		6 significant–likely		4 significant–unlikely	03-Jul-2019
Inappropriate use of single tender acceptance	Inappropriate use of single tender acceptance		6 significant–likely		4 significant–unlikely	03-Jul-2019
Using agency staff or consultants			4 significant–unlikely		1 minor – very unlikely	03-Jul-2019
Initial commercial consultations	Procurement staff being sidelined during initial commercial consultations and subsequently being presented with a "done deal".		12 major – likely		6 serious–unlikely	03-Jul-2019
Contract signing	Contracts signed by member of staff not authorised to do so		12 major – likely		6 serious–unlikely	03-Jul-2019
Diversion of funds	Diversion of funds: the risk that a member of staff diverts funds through the set up of non-existent supplier/freelancer		12 major – likely		6 serious–unlikely	03-Jul-2019
Bogus vendor	An individual could authorise the set up of a bogus vendor and raise and authorise a purchase order		16 major – very likely		8 major – unlikely	03-Jul-2019

Risk Title	Risk Description	Gross Risk	- Assessment	Current Risk	- Assessment	Last Review Date
Sale of confidential information	A member of staff could disclose information on bids to other contract bidders		12 major – likely		6 serious–unlikely	03-Jul-2019
Creditor payments	Fraudulent requests for creditor payments		9 serious–likely		4 significant–unlikely	03-Jul-2019
Fraudulent use for one off payment	Staff use the cheque payment process to send to a bogus vendor		6 serious–unlikely		2 significant–very unlikely	03-Jul-2019
Declaration of interests	Lack of declarations of interests		9 serious–likely		4 significant–unlikely	03-Jul-2019
Housing tenancy/homelessness						
Housing allocations	Housing allocated for financial reward fraudulent allocation of property		9 serious–likely		4 significant–unlikely	03-Jul-2019
Legal sub letting	Illegal sub letting of council property		4 significant–unlikely		2 minor–unlikely	03-Jul-2019
Homelessness	False claim of homelessness		6 significant–likely		2 minor–unlikely	03-Jul-2019
Right to Buy	Fraudulent claim of right to buy discount		6 significant–likely		4 significant–unlikely	03-Jul-2019
Council Tax						
Single Persons Discount	Single persons discount fraudulently claimed		6 significant–likely		6 significant–likely	03-Jul-2019
Discounts/exemptions	Discounts and exemptions falsely claimed		3 minor–likely		2 minor–unlikely	03-Jul-2019
Refund fraud			3 minor–likely		2 minor–unlikely	03-Jul-2019
Suppressed recovery	Suppressed recovery action		3 minor–likely		2 minor–unlikely	03-Jul-2019

Risk Title	Risk Description	Gross Risk	- Assessment	Current Risk	- Assessment	Last Review Date
action						
NDR						
Void exemption	Void exemption falsely claimed		6 significant-likely		4 significant-unlikely	03-Jul-2019
Occupation dates	Occupation dates incorrectly notified		6 significant-likely		4 significant-unlikely	03-Jul-2019
Changes to property	Changes to property increase the rateable value		6 significant-likely		4 significant-unlikely	03-Jul-2019
Insurance						
Insurance claims	Claiming for non existent injuries Claiming at another establishment for the same injury overclaiming		9 serious-likely		4 significant-unlikely	03-Jul-2019
Other						
Elections	Fraudulent voting Fraudulent acts by canvassers		12 major - likely		6 serious-unlikely	03-Jul-2019
External funding	Fraudulently claiming/using external funding		1 minor - very unlikely		1 minor - very unlikely	03-Jul-2019
Housing Benefits/Council Tax Reduction Scheme						
Benefits fraud - claimant	Claimant fraudulently claims benefits		12 serious - very likely		8 significant - very likely	03-Jul-2019
Benefits fraud - third party eg landlord	fraudulent claim by third party		4 significant-unlikely		4 significant-unlikely	03-Jul-2019

Risk Title	Risk Description	Gross Risk	- Assessment	Current Risk	- Assessment	Last Review Date
Cyber	Risk of loss, disruption or damage to the reputation of the Authority from some sort of failure of Information Technology systems					
Cyber risk			6 serious-unlikely		6 serious-unlikely	03-Jul-2019
Sheltered schemes	Theft of customer monies		4 significant-unlikely		2 significant-very unlikely	03-Jul-2019

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Fraud Action Plan 2019/20

Report Type: Actions Report

Report Author: Kerry Beavis

Generated on: 03 July 2019

Fraud Response Area	Creating an Anti-Fraud Culture		
Description	To build an anti-fraud culture through the adoption of various measures to promote counter fraud awareness.	Status Progress Bar	<input type="text" value="0%"/>
Risks	Failure to make staff, member and the public that their suspicions will be treated confidentially, objectively and professionally	Allocated Resources	
	Failure to make available enough resources for counter fraud work		
Actions	Action Notes	Due Date	Completed Date
Check ID verification procedures in place and review for adequacy		30-Sep-2019	
Check what data sharing agreements are in place eg RSL's		31-Oct-2019	
Complete an annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk		31-Mar-2020	
Provide drop in sessions to staff and members as required		31-Oct-2019	
Roll out the e-learning packages for counter fraud		31-Dec-2019	
Use of AppCheck - record all usage and any saving identified		31-Mar-2020	

Fraud Response Area	Deterring Fraud		
Description	Deterring fraud through proactive communications	Status Progress Bar	<input type="text" value="12%"/>
Risks	A lack of robust strategic approach to deterring fraud can undermine actions to build an anti-fraud culture	Allocated Resources	10 days

	A lack of understanding as to the stance the authority takes against fraud		
Actions	Action Notes	Due Date	Completed Date
Attend housing meetings to promote fraud service – quarter 1		30-Jun-2019	03-Jul-2019
Attend housing meetings to promote fraud service – quarter 2		30-Sep-2019	
Attend housing meetings to promote fraud service – quarter 3		31-Dec-2019	
Attend housing meetings to promote fraud service – quarter 4		31-Mar-2020	
Contact Leanne regarding attendee at Landlord forum – potential to sell fraud service to RSL's/joint working		30-Sep-2019	
Deter fraud by publishing the Counter Fraud & Corruption Strategy and Policy on the website		31-Mar-2020	
Develop a risk register and carry out relevant testing against the internal controls in relation to Corporate Criminal Offences (CCO) Legislation.		31-Oct-2019	
Review communications so that the most effective ways of communicating with staff are utilised by the evaluation and adaption of National Fraud Authority fraud campaign pack being completed for roll out with the E learning solution		31-Dec-2019	

Fraud Response Area	Preventing Fraud		
Description	Preventing fraud by ensuring that relevant policies are in place and fraud risks are identified.	Status Progress Bar	<input type="text" value="0%"/>
Risks	Out of date policies and procedures which do not cover relevant legislation.	Allocated Resources	30 days
	Potential risks not identified.		
	Potential data not identified.		
Actions	Action Notes	Due Date	Completed Date
Assist in the fraud proofing of other policies/forms		31-Mar-2020	
Implement effective Whistleblowing arrangements – annual		31-Mar-2020	

review of Whistleblowing Policy			
Review and update the Counter Fraud Policy Statement, Strategy & Guidance Notes and update and amend as appropriate		31-Mar-2020	
Review and update the fraud risk register in line with the potential systems weaknesses identified during audit or investigations and emerging fraud risks		31-Mar-2020	
Review Codes of Practice in place for Data Sharing with local partners		31-Mar-2020	
Review financial guidance and update and amend as appropriate		31-Mar-2020	

Fraud Response Area	Detecting Fraud		
Description	Detecting fraud through proactive investigations	Status Progress Bar	<input type="text" value="0%"/>
Risks	If not undertaken, there is a risk that the opportunity to abuse a system weakness may be heightened as the risk of being caught maybe deemed negligible by the perpetrator.	Allocated Resources	70 days
	If not undertaken, there is a risk that fraud could go undetected		
Actions	Action Notes	Due Date	Completed Date
Annual review and evaluation of the potential use of computer aided and other innovative techniques for the detection of fraud eg data matching		31-Mar-2020	
Annual review of existing arrangements to ensure that the Council is maximising their use eg NAFN - VFM other checks being done in other areas - council tax, housing etc		31-Aug-2019	
Continue to develop links with external agencies to enhance opportunities for information sharing		31-Mar-2020	
Proactive testing in line with the fraud risk register and audit plan Treasury management DFG's Payroll Creditors Housing allocations RTB's Council Tax NNDR		31-Mar-2020	

Undertake enquiries/investigations as a result of the outcome of the National Fraud Initiative		31-Mar-2020	
Undertake local proactive exercises through data & intelligence analysis at the Authority as agreed with the Executive Director Corporate Services		31-Mar-2020	

Fraud Response Area	Investigations		
Description	Investigate fraud in accordance with laid down policies and procedures.	Status Progress Bar	<input type="text" value="25%"/>
Risks	The risk of not investigating is that fraud goes unpunished and there is no resulting deterrent effect thus increasing the prevalence of fraud further	Allocated Resources	73 days
	The staff (or others) making the allegation feel they are not taken seriously and referrals cease to be made.		
Actions	Action Notes	Due Date	Completed Date
Fraud referrals investigated – quarter 1		30-Jun-2019	03-Jul-2019
Fraud referrals investigated – quarter 2		30-Sep-2019	
Fraud referrals investigated – quarter 3		31-Dec-2019	
Fraud referrals investigated – quarter 4		31-Mar-2020	

Fraud Response Area	Sanctions		
Description	Apply sanctions correctly and consistently	Status Progress Bar	<input type="text" value="0%"/>
Risks	If sanctions are not imposed there is no deterrence of fraud.	Allocated Resources	As required
Actions	Action Notes	Due Date	Completed Date
Ensure that sanctions are applied correctly and consistently (including internal disciplinary, regulatory & criminal)		31-Mar-2020	

Fraud Response Area	Redress		
Description	To ensure that redress is calculated correctly	Status Progress Bar	<input type="text" value="0%"/>

Risks	Fraudsters may not realise that any and all measures will be taken to recover any money lost to fraud.	Allocated Resources	4 days
Actions	Action Notes	Due Date	Completed Date
Maintain comprehensive records of time spent on each investigation so that this can be included in any compensation claim. Identify and maintain a record of the actual proven amount of loss so that appropriate recovery procedures can be actioned.		31-Mar-2020	

Fraud Response Area	Strategic Work		
Description	To maintain mandatory counter fraud arrangements.	Status Progress Bar	<input type="text" value="0%"/>
Risks	Failure to ensure the completion of mandatory strategic work may mean that the professional knowledge and skills are not maintained to a high standard	Allocated Resources	10 days
Actions	Action Notes	Due Date	Completed Date
Attendance at relevant fraud forums/meetings to ensure that professional knowledge and skills are maintained		31-Mar-2020	
Attendance at relevant training as required		31-Mar-2020	
Completion and agreement of work plan		31-Mar-2020	
Quarterly reporting of counter fraud work		31-Mar-2020	
Regular meetings with the Chief Executive		31-Mar-2020	

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AUDIT & GOVERNANCE COMMITTEE

25th July 2019

Report of the Interim Head of Internal Audit Services

INTERNAL AUDIT UPDATE REPORT 2019/20 QUARTER 1

EXEMPT INFORMATION

None

PURPOSE

To report on the outcome of Internal Audit's review of the internal control, risk management and governance framework in the 1st quarter of 2019/20 – to provide members with assurance of the ongoing effective operation of an internal audit function and enable any particularly significant issues to be brought to the Committee's attention.

RECOMMENDATION

That the Committee considers the attached report and raises any issue it deems appropriate.

EXECUTIVE SUMMARY

The Accounts and Audit Regulations 2015 require each local authority to publish an Annual Governance Statement (AGS) with its Annual Statement of Accounts. The AGS is required to reflect the various arrangements within the Authority for providing assurance on the Internal Control, Risk Management and Governance Framework within the organisation, and their outcomes.

One of the sources of assurance featured in the AGS is the professional opinion of the Interim Head of Internal Audit Services on the outcome of service reviews. Professional good practice recommends that this opinion be given periodically throughout the year to inform the Annual Governance Statement. This opinion is given on a quarterly basis to the Audit & Governance Committee.

The Interim Head of Internal Audit Services' quarterly opinion statement for Apr - Jun 2019 is set out in the attached document, and the opinion is summarised below.

Audit Opinion.

I am satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's Risk Management, Control and Governance processes.

Overall in my opinion, based upon the reviews performed during the first quarter of the 2019/20 financial year, the Authority has:

- Adequate and effective risk management arrangements;
- Adequate and effective governance; and
- Adequate and effective control processes.

Specific Issues

No specific issues have been highlighted through the work undertaken by Internal Audit during the first quarter of 2019/20.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS

Failure to report would lead to non-compliance with the requirements of the Annual Governance Statement and the Public Sector Internal Audit Standards.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Kerry Beavis, Interim Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

- Appendix 1 Internal Audit Performance Report 2019/20
- Appendix 2 Percentage of Management Actions Agreed 2019/20
- Appendix 3 Implementation of Agreed Management Actions 2019/20

INTERNAL AUDIT REPORT – 1st Quarter - 2019/20

1. INTRODUCTION

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. (Public Sector Internal Audit Standards)

Internal Audit's role is to provide independent assurance to the Council that systems are in place and are operating effectively.

Every local authority is statutorily required to provide for an adequate and effective internal audit function. The Internal Audit service provides this function at this Authority.

This brief report aims to ensure that Committee members are kept aware of the arrangements operated by the Internal Audit service to monitor the control environment within the services and functions of the authority, and the outcome of that monitoring. This is to contribute to corporate governance and assurance arrangements and ensure compliance with statutory and professional duties, as Internal Audit is required to provide periodic reports to "those charged with governance".

2. PERFORMANCE AND PROGRESSION AGAINST AUDIT PLAN

The Internal Audit service aims as one of its main Performance Indicators (PI's) to complete work on at least 90% of applicable planned audits by the end of the financial year, producing draft reports on these where possible/necessary. **Appendix 1** shows the progress at the end of 1st quarter of the year of the work completed against the plan and highlights the work completed. The original audit plan identified 28 audits to be completed in the 2019/20 financial year. At the end of the 1st quarter of the year, internal audit have commenced/completed 6 audits. This equates to 21% of the annual audit plan (specific reviews). In addition to the specific reviews, 5 implementation reviews and 4 further implementation reviews have been completed.

The service also reports quarterly on the percentage of draft reports issued within 15 working days of the completion of fieldwork. All (100%) of the draft reports issued in this quarter of the year were issued within this deadline.

3. AUDIT REVIEWS COMPLETED 2019/20

Appendix 2 details the number of recommendations made. A total of 64 recommendations were made in the first quarter with 64 (100%) of the recommendations being accepted by management.

The service revisits areas it has audited around 6 months after agreeing a final report on the audit, to test and report to management on the extent to which agreed actions have been taken. Five first implementation reviews were completed and four second

implementation reviews were completed during the first quarter of 2019/20. **Appendix 3** details the implementation progress to date for the first quarter of the financial year with 40% (16/40) implemented/partially implemented at 1st implementation review and 0% (0/10) implemented/partially implemented at 2nd implementation review. Four recommendations not implemented at 1st implementation review and two recommendations not implemented at 2nd implementation review were high priority and management have agreed revised implementation dates for all outstanding recommendations. Internal Audit is fairly satisfied with the progress made by management to reduce the level of risk and its commitment to progress the outstanding issues.

4. INDEPENDENCE OF THE INTERNAL AUDIT ACTIVITY

Attribute Standards 1110 to 1130 in the Public Sector Internal Audit Standards require that Internal Audit have organisational and individual independence and specifically states that the head of Internal Audit Services must confirm this to the Audit & Governance Committee at least annually. As performance is reported quarterly, this confirmation will be provided quarterly.

The Interim Head of Internal Audit Services confirms that Internal Audit is operating independently of management and is objective in the performance of internal audit work.

OVERALL CURRENT INTERNAL AUDIT OPINION

I am satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's Risk Management, Control and Governance processes.

Overall in my opinion, based upon the reviews performed during the first quarter of the 2019/20 financial year, the Authority has:

- Adequate and effective risk management arrangements;
- Adequate and effective governance; and
- Adequate and effective control processes.

Specific issues:

There were no specific issues highlighted through the work of Internal Audit in the first quarter of the 2019/20 financial year that would need to be highlighted as a corporate risk.

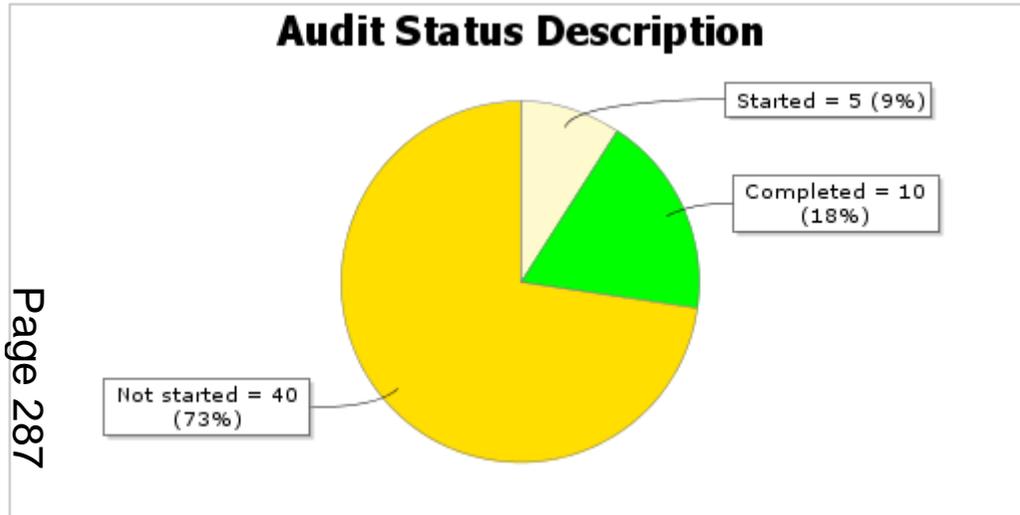
Kerry Beavis,
Interim Head of Internal Audit Services

Internal Audit Performance Report 2019/20 Quarter 1

Report Type: Audit File Report

Report Author: Kerry Beavis

Generated on: 02 July 2019



Page 287

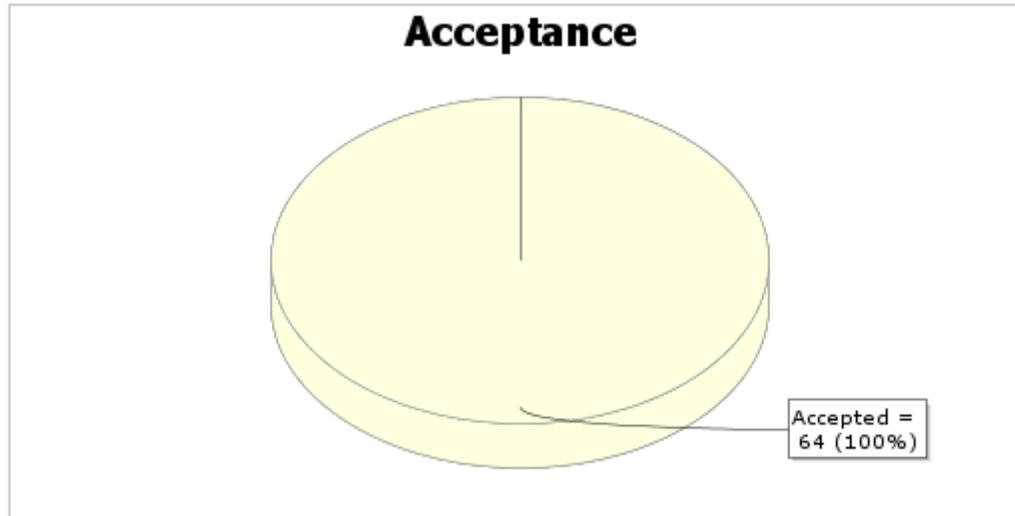
Title	Directorate Description	Audit Status Icon	Audit File Audit Status Description	Audit Assurance Type Title
EFin Implementation Review	Directorate – Finance	✓	Completed	Implementation Review
Street Scene Implementation Review	Directorate – Ops & Leisure	✓	Completed	Implementation Review
Pentana Application Implementation Review	Directorate – People	✓	Completed	Implementation Review
Tourism & Town Centre	Directorate – Growth & Regeneration	●	Not started	Implementation Review

Title	Directorate Description	Audit Status Icon	Audit File Audit Status Description	Audit Assurance Type Title
Housing Regeneration & Affordable Housing Implementation Review	Directorate – Partnerships		Completed	Implementation Review
TIC Implementation Review	Directorate – People		Completed	Implementation Review
Community Leisure	Directorate – Ops & Leisure		Not started	Risk based review
DWP MoU	Directorate – Finance		Not started	System based review
Committee Decisions & Reporting Implementation Review	Legal & Democratic Services		Not started	Implementation Review
CCTV Further Implementation Review	Directorate – Neighbourhoods		Completed	Additional Implementation Review
Taxi Licences Implementation Review	Directorate – Growth & Regeneration		Not started	Implementation Review
PR & Comms Implementation Review	Directorate – People		Not started	Implementation Review
Social Media Implementation Review	Directorate – People		Not started	Implementation Review
IT Governance Implementation Review	Directorate – People		Not started	Implementation Review
Training & Development Implementation Review	Directorate – People		Not started	Implementation Review
Housing Services Further Implementation Review File	Directorate – Neighbourhoods		Not started	Additional Implementation Review
Network Controls Further Implementation Review	Directorate – People		Completed	Additional Implementation Review
Websites Further Implementation Review	Directorate – People		Completed	Additional Implementation Review

Title	Directorate Description	Audit Status Icon	Audit File Audit Status Description	Audit Assurance Type Title
Equalities Further Implementation Review	Directorate – People		Not started	Additional Implementation Review
Sheltered Housing Implementation Review	Directorate – Neighbourhoods		Not started	Implementation Review
Licences Further Implementation Review	Directorate – Growth & Regeneration		Completed	Additional Implementation Review
Food Safety Implementation Review	Directorate – Growth & Regeneration		Not started	Implementation Review
Parks & Open Spaces Implementation Review	Directorate – Ops & Leisure		Not started	Implementation Review
Academy Implementation Review	Directorate – People		Not started	Implementation Review
Council Tax	Directorate – Finance		Not started	Main financial system – full
DR	Directorate – Finance		Not started	Main financial system – full
Payroll	Directorate – People		Not started	Main financial system – full
Bank Reconciliation & Cash Collection	Directorate – Finance		Not started	Main financial system – full
Housing Rents	Directorate – Neighbourhoods		Not started	Main financial system – full
Housing Repairs QTR 1	Directorate – Assets		Started	Main financial system – interim
Housing Repairs QTR 2	Directorate – Assets		Not started	Main financial system – interim
Housing Repairs QTR 3	Directorate – Assets		Not started	Main financial system – interim
Housing Repairs QTR 4	Directorate – Assets		Not started	Main financial system – interim
Property Contracts QTR 1	Directorate – Assets		Started	Main financial system – interim
Property Contracts QTR 2	Directorate – Assets		Not started	Main financial system – interim
Property Contracts QTR 3	Directorate – Assets		Not started	Main financial system – interim
Property Contracts QTR 4	Directorate – Assets		Not started	Main financial system – interim

Title	Directorate Description	Audit Status Icon	Audit File Audit Status Description	Audit Assurance Type Title
Organisation Transformation	Directorate – People		Not started	System based review
Community Safety	Directorate – Partnerships		Not started	Risk based review
Outdoor Events	Directorate – Ops & Leisure		Not started	Risk based review
Corporate Business Continuity	Directorate – Assets		Completed	System based review
Income Management	Directorate – Finance		Not started	System based review
Project Management	Corporate		Not started	Risk based review
Customer Services	Directorate – People		Not started	Risk based review
Corporate Policy Management	Corporate		Not started	System based review
ITrent Application Review	Directorate – People		Not started	Information Technology
Power Resilience	Directorate – People		Started	Information Technology
Assure Application Review	Directorate – People		Not started	Information Technology
Commission Contributions	Directorate – People		Started	Compliance
SPG Assurance	Directorate – Assets		Started	Compliance
Municipal Charities	Corporate		Not started	Transactional
TIC Further Implementation Review	Directorate – People		Not started	Additional Implementation Review
Pentana Further Implementation Review	Directorate – People		Not started	Additional Implementation Review
Housing Regeneration & Affordable Housing Further Implementation Review	Directorate – Partnerships		Not started	Additional Implementation Review
Street Scene Further Implementation Review	Directorate – Ops & Leisure		Not started	Additional Implementation Review

Percentage of management actions agreed Q1



Audit Recommendation Code & Title	Audit Recommendation Priority	Audit Recommendation Acceptance
1516 Proc 07.03 Tendering & Quotations	High Priority	Accepted
1617 H&S 1.01 Business Health & Safety Risk Register	High Priority	Accepted
1617 H&S 2.01 Risk Registers	High Priority	Accepted
1617 H&S 4.03 Premise manager responsibilities	High Priority	Accepted
1718 Cred 7.2 Cumulative Expenditure	High Priority	Accepted
1718 HoRe 2.02 Recharges	Medium Priority	Accepted
1718 HoRe 2.03 Rechargeable Repairs Over 6 Years Old	Medium Priority	Accepted
1718 HoRe 2.04 Rechargeable Repairs	Medium Priority	Accepted
1718 HoRe 3.01 Void Lettable Standard	Medium Priority	Accepted

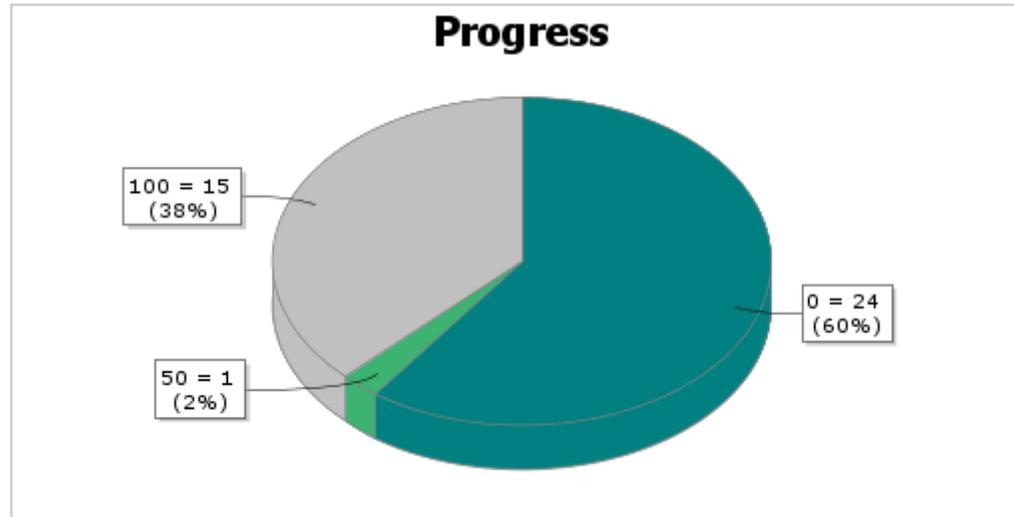
Audit Recommendation Code & Title	Audit Recommendation Priority	Audit Recommendation Acceptance
1718 HoRe 3.02 Extension of Time Requests	Medium Priority	Accepted
1718 PC 1.01 Electrical Certificates	Medium Priority	Accepted
1718 PC Q1 1.1 Performance Data	Medium Priority	Accepted
1718 PC Q2 1.03 Performance Indicators	Medium Priority	Accepted
1718 PC Q2 1.08 Warranty Certificates	Medium Priority	Accepted
1718 PC Q2 1.10 DFA Policy	High Priority	Accepted
1819 Academy 1 Business Continuity Plan	Medium Priority	Accepted
1819 Academy 2 Support & Maintenance Agreement	Medium Priority	Accepted
1819 Academy 3 Contract Reviews	Medium Priority	Accepted
1819 CR 12.01 No Order Payments	Medium Priority	Accepted
1819 CR 12.02 No Order Invoice Authorisation	Medium Priority	Accepted
1819 CR 2.01 Purchase Order Details	Medium Priority	Accepted
1819 CR 5.01 Ordering & Goods Receipting	Medium Priority	Accepted
1819 H&S 1.01 Risk Register	Medium Priority	Accepted
1819 H&S 2.01 Risk Assessments	Medium Priority	Accepted
1819 H&S 3.01 Intranet information	Medium Priority	Accepted
1819 H&S 3.01 Policies	High Priority	Accepted
1819 H&S 3.02 Policy Detail	Medium Priority	Accepted
1819 H&S 3.03 New policy advice	High Priority	Accepted
1819 H&S 3.04 Procedures	High Priority	Accepted
1819 H&S 4.01 Training	High Priority	Accepted
1819 H&S 5.01 Financial Guidance	High Priority	Accepted
1819 H&S 5.02 Contract Review	High Priority	Accepted
1819 HoReQ4 1.01 Penalty Clause	Medium Priority	Accepted

Page 292

Audit Recommendation Code & Title	Audit Recommendation Priority	Audit Recommendation Acceptance
1819 HoReQ4 1.02 Housing Repairs Policy	High Priority	Accepted
1819 HoReQ4 2.01 Variation Authorisation	Medium Priority	Accepted
1819 HoReQ4 2.02 EPC's	High Priority	Accepted
1819 HoReQ4 2.03 Electrical Certificates	Medium Priority	Accepted
1819 HoReQ4 2.03 Turn on & Test	Medium Priority	Accepted
1819 PC Q4 1.01 Contract Knowledge	High Priority	Accepted
1819 PC Q4 1.02 Contract Amendments	High Priority	Accepted
1819 PC Q4 2.01 Checking	High Priority	Accepted
1819 PC Q4 2.02 Post Inspection	High Priority	Accepted
1819 PC Q4 3.01 Variation Orders	High Priority	Accepted
1819 Proc 14.01 Pentana Training & Procedures	High Priority	Accepted
1819 Proc 14.02 Register of Quotations	High Priority	Accepted
1819 Proc 14.03 3 Written Quotations	High Priority	Accepted
1819 Proc 14.04 Quick Quotes	High Priority	Accepted
1819 Proc 14.05 Financial Waiver	High Priority	Accepted
1819 Proc 14.06 Goods/services between £10,000 and £49,999	High Priority	Accepted
1819 Proc 14.07 Formal Written Contracts	High Priority	Accepted
1920 BC 1.01 BIA Template	Medium Priority	Accepted
1920 BC 1.02 BIA Templates	Medium Priority	Accepted
1920 BC 1.03 Corporate BIA	High Priority	Accepted
1920 BC 1.04 Service Impact Assessments	Medium Priority	Accepted
1920 BC 2.01 Risk Register	High Priority	Accepted
1920 BC 3.01 Corporate Business Continuity Plan	High Priority	Accepted

Audit Recommendation Code & Title	Audit Recommendation Priority	Audit Recommendation Acceptance
1920 BC 3.02 Service Level Business Continuity Plans	High Priority	Accepted
1920 BC 4.01 Business Continuity Policy	High Priority	Accepted
1920 BC 4.02 Training	High Priority	Accepted
1920 BC 5.01 Business Continuity Testing	High Priority	Accepted
1920 BC 6.01 Business Continuity Strategy Review	High Priority	Accepted
1920 BC 7.01 Business Continuity Group	High Priority	Accepted
1920 BC 7.02 Consistency	Medium Priority	Accepted
1920 BC 7.03 Terms of Reference	Medium Priority	Accepted

Implementation Reviews 2019/20 Quarter 1



Page 295

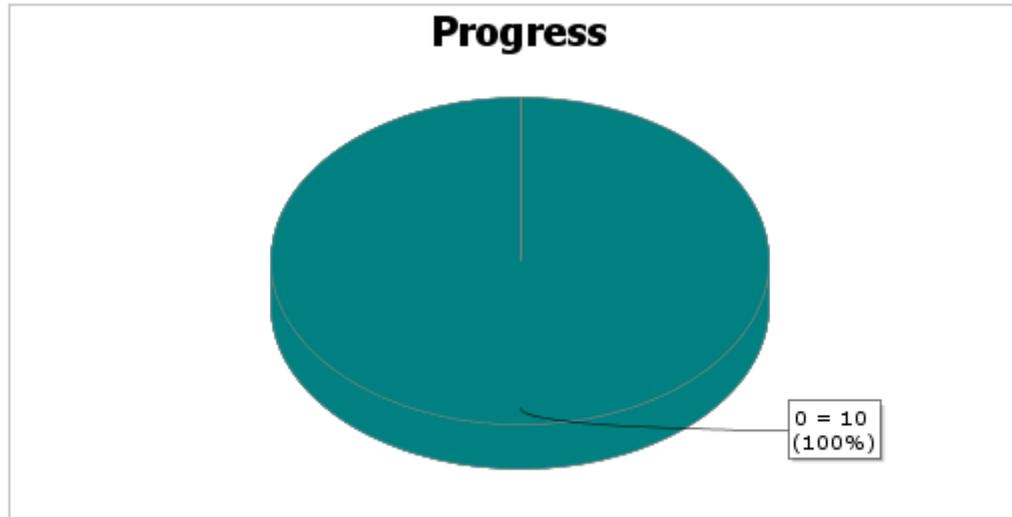
Audit Recommendation Code & Title	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Revised Date for Implementation
1718 SS 2.01 Health & Safety	High Priority	0%	No evidence provided	1st implementation review completed	30-Sep-2019
1718 SS 7.01 Risk Register Update	High Priority	0%	No evidence provided	1st implementation review completed	30-Sep-2019
1718 SS 7.02 Risk Register Review	High Priority	0%	No evidence provided	1st implementation review completed	30-Sep-2019
1819 HS Regen Risk Register	High Priority	0%	No evidence provided	1st implementation review completed	30-Sep-2019
1718 SS 1.01 Open Space	Medium Priority	0%	No evidence provided	1st implementation review	30-Sep-2019

Audit Recommendation Code & Title	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Revised Date for Implementation
1718 SS 3.01 Health Hazards	Medium Priority	<input type="text" value="0%"/>	No evidence provided	1st implementation review completed	30-Sep-2019
1718 SS 4.01 Stock Records	Medium Priority	<input type="text" value="0%"/>	No evidence provided	1st implementation review completed	30-Sep-2019
1718 SS 5.01 Asset Itinerary	Medium Priority	<input type="text" value="0%"/>	No evidence provided	1st implementation review completed	30-Sep-2019
1718 SS 6.01 Vandalism	Medium Priority	<input type="text" value="0%"/>	No evidence provided	1st implementation review completed	30-Sep-2019
1819 Pent 1.05 User Access Rights	Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	31-Oct-2019
1819 Pent 1.06 Deputy System Admin	Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	31-Oct-2019
1819 Pent 1.07 Housekeeping	Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	31-Oct-2019
1819 Pent 1.11 Business Impact Assessment	Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	31-Oct-2019
1819 Pent 1.12 Business Continuity Plan	Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	31-Oct-2019
1819 Pent 1.14 Business Continuity Plan Testing	Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	1st implementation review completed	31-Dec-2019
1819 TIC 1.01 Health & Safety Risk Assessments	Medium Priority	<input type="text" value="0%"/>	No evidence provided	1st implementation review completed	01-Jul-2019
1819 TIC 1.02 Health & Safety Risk Assessments	Medium Priority	<input type="text" value="0%"/>	No evidence provided	1st implementation review completed	01-Jul-2019
1819 TIC 2.01 Access	Medium Priority	<input type="text" value="0%"/>	No evidence provided	1st implementation review	01-Jul-2019

Audit Recommendation Code & Title	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Revised Date for Implementation
Reviews				completed	
1819 TIC 4.01 Business Continuity Plan	Medium Priority	<input type="text" value="0%"/>	No evidence provided	1st implementation review completed	01-Jul-2019
1819 TIC 5.01 Tell Us Policy	Medium Priority	<input type="text" value="0%"/>	No evidence provided	1st implementation review completed	01-Jul-2019
1819 TIC 5.02 Performance Data	Medium Priority	<input type="text" value="0%"/>	No evidence provided	1st implementation review completed	01-Jul-2019
1819 TIC 5.03 Complaint/Compliment Monitoring	Medium Priority	<input type="text" value="0%"/>	No evidence provided	1st implementation review completed	01-Jul-2019
1819 TIC 6.02 End of Day Cashing Up Procedures	Medium Priority	<input type="text" value="0%"/>	No evidence provided	1st implementation review completed	01-Jul-2019
1819 TIC 6.04 Daily Cashing Up Sheets – Officer Signatures	Medium Priority	<input type="text" value="0%"/>	No evidence provided	1st implementation review completed	01-Jul-2019

Further Implementation Reviews 2019/20 Quarter 1

Page 298



Audit Recommendation Code & Title	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Revised Date for Implementation
1819 CCTV 3.01 One Staffordshire Data Sharing Protocol	High Priority	0%	Other Higher Priorities	2nd implementation review completed	30-Jun-2019
1819 Lice 3.01 Retention	High Priority	0%	No evidence provided	2nd implementation review completed	30-Sep-2019
1718 NetCont 1.1 Vulnerability Management Procedure	Medium Priority	0%	No evidence provided	2nd implementation review completed	30-Jun-2019
1718 NetCont 1.2 Penetration Testing	Medium Priority	0%	No evidence provided	2nd implementation review completed	30-Jun-2019

Audit Recommendation Code & Title	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Revised Date for Implementation
1718 NetCont 1.3 Windows Operating System	Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	2nd implementation review completed	30-Jun-2019
1718 NetCont 1.4 Network Access	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	30-Jun-2019
1718 Website 1.1 Penetration Testing	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	30-Jun-2019
1819 CCTV 1.01 ADT Maintenance Agreement	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	30-Jun-2019
1819 CCTV 1.02 ADT Maintenance Costs	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	30-Jun-2019
1819 CCTV 9.01 Risk Review	Medium Priority	<input type="text" value="0%"/>	Reliance on 3rd Party – Internal	2nd implementation review completed	30-Jun-2019

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PLANNED REPORTS TO AUDIT AND GOVERNANCE COMMITTEE –2019-2020

	Report	Committee Date	Report Of	Comments
1	Role of the Audit Committee	June	Grant Thornton	Presentation/training
2	Audit Committee update	June	Grant Thornton	Regular item
3	Fee Letter	June	Grant Thornton	
4	RIPA Quarterly Report	June	Assistant Director - Partnerships	
5	Internal Audit Customer Satisfaction Survey	June	Head of Audit & Governance	
6	Internal Audit Annual and Quarterly Update	June	Head of Audit & Governance	
7	Public Sector Internal Audit Standards/Quality Assurance and Improvement Programme	June	Head of Audit & Governance	
8	Annual Governance Statement and Code of Corporate Governance	June	Head of Audit & Governance	
9	Counter Fraud Update	June	Head of Audit & Governance	
10	Audit & Governance Committee – Self Assessment – for information only	June	Head of Audit & Governance	

1	Audit Committee update	July	Grant Thornton	Regular item
2	Audit Findings Report	July	Grant Thornton	
3	Management Representation Letter	July	Grant Thornton	
4	Annual Statement of Accounts	July	Executive Director Finance	
5	Risk Management Quarterly Update	July	Assistant Director – Finance	
6	RIPA Quarterly Report	July	Assistant Director - Partnerships	
7	Counter Fraud Update	July	Head of Audit & Governance	
8	Internal Audit Quarterly Update	July	Head of Audit & Governance	
9	Modern Slavery and Human Trafficking Statement	July	Assistant Director - Partnerships	
10	Update from Assistant Director, People	July	Assistant Director, People	
1	Audit Committee update	October	Grant Thornton	Regular item
2	Annual Audit Letter	October?	Grant Thornton	

3	RIPA Quarterly Update	October	Assistant Director - Partnerships	
4	Internal Audit Quarterly Update	October	Head of Audit & Governance	
5	Risk Management Quarterly Update	October	Assistant Director – Finance	
6	Annual Treasury Outturn	October	Executive Director Finance	
7	Local Government Ombudsman’s Annual Review and Report 2018/19	October	Assistant Director - People	
8	Review of Counter Fraud & Corruption Policy	October	Head of Audit & Governance	
9	Counter Fraud Update	October	Head of Audit & Governance	
10	Anti-Money Laundering Policy	October	Head of Audit & Governance	
11	Review of the Constitution and Scheme of Delegation for Officers	October	Head of Audit & Governance	
1	Audit Committee update	February	Grant Thornton	Regular item
2	Audit Report on Certification Work	February	Grant Thornton	

3	Audit Plan	February	Grant Thornton	
4	RIPA Quarterly Report	February	Assistant Director – Partnerships	
5	Internal Audit Quarterly Update	February	Head of Audit & Governance	
6	Risk Management Quarterly Update	February	Assistant Director – Finance	
1	Audit Committee update	March	Grant Thornton	Regular item
2	Auditing Standards	March	Grant Thornton	
3	Informing the Audit Risk Assessment	March	Grant Thornton	
4	Review of the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement and the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report	March	Executive Director Finance	
5	Final Accounts – Action Plan	March	Assistant Director of Finance	
6	Risk Based Verification – exempt item	March	Assistant Director of Finance	

7	Internal Audit Charter and Audit Plan	March	Head of Audit & Governance	
8	Audit and Governance Committee Self-Assessment	March	Head of Audit & Governance	
9	Review of Financial Guidance	March	Head of Audit & Governance	

The Portfolio Holder for Assets and Finance

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