



North Tyneside Council

ANNUAL FINANCIAL REPORT

2011/12

widening
horizons

www.northtyneside.gov.uk

Table of Contents

Page

2	Explanatory Foreword of the Chief Finance Officer
9	Cabinet Members
10	General Statistics
11	Independent Auditor's Report (to be inserted after the completion of the audit)

Statement of Accounts

14	Statement of Responsibilities for the Statement of Accounts
15	Comprehensive Income and Expenditure Statement
16	Movement in Reserves Statement
18	Balance Sheet
19	Cash Flow Statement
20	Chief Finance Officers Certificate
21	Index to the Notes to the Core Financial Statements
103	Housing Revenue Account and Notes
110	Collection Fund Statement and Notes
114	Statement of Accounting Policies

133	Annual Governance Statement
-----	-----------------------------

144	Glossary of Terms
-----	-------------------

Explanatory Foreword of the Chief Finance Officer

1 Introduction

A published and audited Statement of Accounts is at the heart of ensuring proper accountability for the use of local and national taxpayers money. However, we recognise that the Council's Accounts can only tell part of the story. The Council also needs to demonstrate that it is aiming to operate to the highest standards of conduct in accordance with the principles of corporate governance and has a robust system of internal control in place. The Accounts bring together our financial position with a summary of our governance arrangements in our Annual Governance Statement (page 133).

This Statement of Accounts details the Council's financial position for the financial year 1 April 2011 to 31 March 2012. It has been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom'. The Code of Practice constitutes "proper accounting practice" under the terms of the Accounts and Audit (England) Regulations 2011, the Local Government and Housing Act 1989 and, for audit, the Audit Commission Act 1998.

The purpose of this foreword is to offer an easily understandable guide to the most significant matters reported in the Accounts. It provides an explanation in overall terms of the Council's financial position and assists in the interpretation of the financial statements.

The Accounting Statements:

The Council's accounts for the year 2011/12 consist of:

1	Independent Auditors Report	Page
	This sets out the external Auditor's opinion on the Accounts. (To be inserted after the completion of the audit)	11
2	Statement of Responsibilities for the Statement of Accounts	
	This statement discloses the respective responsibilities of the Council and the Chief Finance Officer.	14
3	Comprehensive Income and Expenditure Statement	
	This sets out income and expenditure on services, including the day to day expenses and related income on services and the value of assets consumed during the year.	15
4	Movement in Reserves Statement	
	This summarises the difference between the Comprehensive Income and Expenditure Statement and the movements on useable and unuseable reserves.	16
5	Balance Sheet	
	This sets out the assets and liabilities of the Council as at the 31 March 2012.	18

6	Cash Flow Statement	
	This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital resources.	19
7	Notes to the Core Financial Statements	
	These provide a more detailed analysis of the entries in the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement.	21
8	Housing Revenue Account	
	The Housing Revenue Account reflects a statutory obligation to maintain a separate revenue account for local authority housing. This account shows in detail income and expenditure on council housing provision in accordance with Part 6 of the Local Government and Housing Act 1989. There is a statutory requirement to keep this account separate from the accounts for other Council Services, as defined in Schedule 4 of the Local Government and Housing Act 1989.	103
9	Collection Fund Statement	
	This is a statutory requirement that shows all the transactions relating to Council Tax and National Non Domestic Rates (NNDR) and illustrates the way in which they have been distributed to both precepting authorities and the Council's General Fund. The Collection Fund Balances relating only to North Tyneside Council are included within the Balance Sheet of the Council.	110
10	Statement of Accounting Policies	
	This statement discloses the accounting policies, which are significant to the understanding of the Statement of Accounts.	114
11	Annual Governance Statement	
	This statement sets out the principal arrangements which are in place to ensure a sound system of internal control. The Council is required under statute to conduct a review at least once in each financial year of the effectiveness of its system of internal control.	133

2 Summary of the 2011/12 Financial Year

The Council incurs both revenue and capital expenditure each year. Revenue expenditure is usually used to purchase goods and services that are consumed within one year; these are financed from Council Tax, Government Grants, NNDR Pool Contributions and other income such as fees and charges. Capital expenditure is money spent on assets which have a useful life in excess of one year; these are financed by capital receipts and borrowing, grants and contributions.

General Fund

At its meeting of 3 March 2011, Council approved a total General Fund Revenue Budget of £175.768m for the financial year 2011/12.

The Dedicated Schools Grant (DSG) received for 2011/12 was £131.371m for North Tyneside (original estimate budget was £131.956m). The increase in DSG from 2010/11 is a consequence of the fact that funds previously issued through the Standards Fund Programme (in 2010/11) were amalgamated into the DSG for 2011/12.

The following table summarises the financial position for the year in the format set out in the Council Tax Leaflet at the start of the year:

2010/11 Actual Outturn £000s		2011/12 Actual Outturn £000s	2011/12 Budget £000s
275,034	Expenditure on all Services	296,142	295,494
13,210	Levies	13,496	13,496
558	Interest payable, interest income and capital financing costs	620	1,616
(3,661)	Transfers to (from) reserves	(2,817)	(2,882)
285,141		307,441	307,724
(11,147)	Revenue Support Grant	(21,380)	(21,380)
(111,364)	Dedicated Schools Grant	(131,371)	(131,956)
(84,602)	Council Tax Collection Fund Receipts	(85,191)	(85,191)
(76,762)	National Non Domestic Rates	(69,168)	(69,168)
(92)	Transfer from Collection Fund	(29)	(29)
(283,967)		(307,139)	(307,724) *
1,174	Addition to (use of) Balances	302	0
11,854	Balances brought forward	13,028	13,028
13,028	Balances carried forward	13,330	13,028

*This figure is the approved General Fund Budget of £175.768m and the Dedicated Schools Budget of £131.956m.

The Local Government Act 2003 imposes a duty on the Council to monitor its budget during the year and to consider what action to take if a potential deterioration in its financial position is identified. In North Tyneside this requirement is met by monthly budget monitoring in Services and bi-monthly monitoring reports to Cabinet. The "Amounts Reported for Resource Allocation Decisions" (Note 3 page 30) is a statement that reconciles the year end outturn report to Cabinet with the Cost of Services included in the Comprehensive Income & Expenditure Statement.

The budget monitoring and management process was effective in the year and allowed all issues arising to be addressed. Overall the Council recorded a small underspend against the budget, although there were variations between and within directorates. Further details on the variations in the budgets at the year end were reported to Cabinet on 11 June 2012.

Comprehensive Income & Expenditure Statement

The Cost of Services line in the Comprehensive Income & Expenditure Statement represents the net expenditure incurred by the Council in the direct provision of Services (page 15). The net expenditure of £304.663m (£247.473m 2010/11) is an increase of £57.190m on the previous year. The main reason for this apparent increase is the inclusion in the 2010/11 accounts of the net credit to expenditure of £93.887m in respect of change in the method of valuation of the pension fund.

In terms of income, Taxation and Non-specific Grant Income fell by £11.133m in total. This fall is mainly due to a reduction in National Non Domestic Rates element of Formula Grant.

Balance Sheet

The Balance sheet is set out on page 18. Overall, the Council's net assets have fallen by £265.010m resulting in a net liability of £83.108m. This has arisen largely as a result of two items. Firstly, additional debt (£128.193m) is now included on the Council's Balance Sheet due to the HRA Self Financing legislation under the Localism Act 2011 as referred to in Section 3 – Overview and Outlook. Secondly, the pensions deficit, based on the latest actuarial estimate has increased by £100.040m.

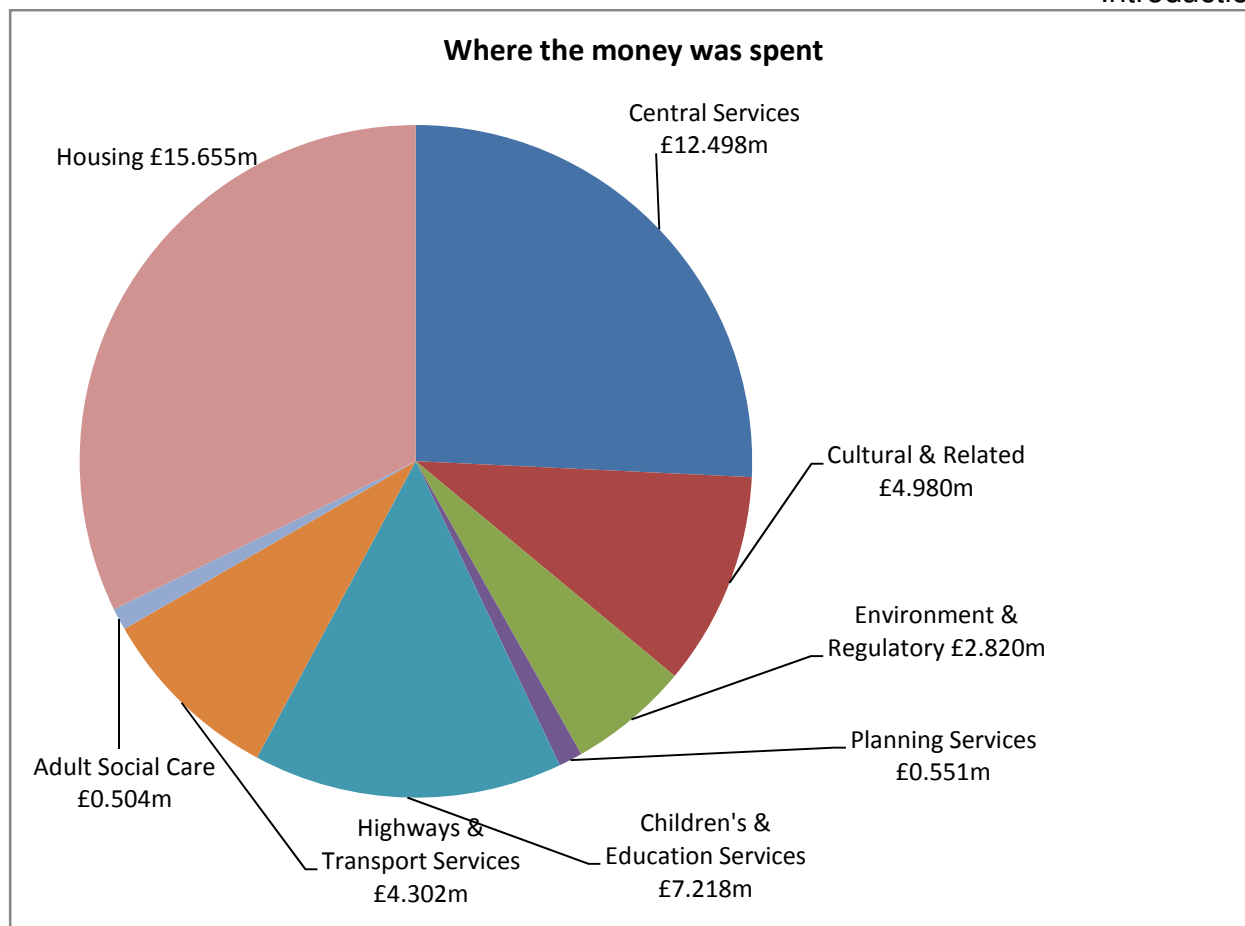
Housing Revenue Account

On 3 February 2011 the Council approved the Housing Revenue Account (HRA) budget which included average rent increases of 8.12% and expenditure of £50.882m, after a transfer from balances of £0.549m.

The detailed HRA outturn for 2011/12 was reported to Cabinet on 11 June 2012 and showed that a final contribution to working balances was £0.843m higher than the original budget.

Capital Expenditure

Capital expenditure in 2011/12 totalled £176.721m. This amount includes £48.528m on capital projects (£83.817m 2010/11) and £128.193m in respect of Self Financing of the HRA from 2012/13 as referred to in Section 3 – Overview and Outlook.



Major schemes within the 2011/12 plan included:

HRA Schemes
 Equal Pay, Pensions back-funding and Redundancy Costs
 Education and Schools
 Local Transport Plan

	£000s
HRA Schemes	13,660
Equal Pay, Pensions back-funding and Redundancy Costs	8,761
Education and Schools	7,218
Local Transport Plan	3,107

The sources of finance used to fund the capital expenditure are set out in Note 19 on Page 69.

Borrowing Facilities

Section 3 of the Local Government Act 2003 requires the Council to determine its own affordable borrowing requirement necessary to fund capital expenditure. The key objectives of the Prudential Code are to ensure that capital investment plans are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice.

The Council set its Authorised Limit for external debt for 2011/12 at £735.733m (£693.279m 2010/11) and its Operational Boundary for external debt at £430.983m (£428.529m 2010/11). All transactions were carried out within the Authorised Limit boundaries during 2011/12, however as a result of the HRA Self Financing transaction of £128.193m the Operational Boundary limit was exceeded during the period of 28 March 2012 to 31 March 2012. As shown in the Balance Sheet, the total short and long term liabilities for borrowing and finance lease balances (including Private Finance Initiative (PFI) are £504.617m (£391.789m 2010/11).

3 Overview and Outlook

The Council's budget monitoring and management systems are an integral part of its planning process. During 2011/12, financial pressures that were identified as part of the budget monitoring process were addressed in year and Council spend was brought in on target. Those pressures identified that had implications beyond 2011/12, such as energy and demand led pressures, were brought into the Council Plan and budget setting process for 2012/13 and the following years.

2012/13

On 1 March 2012, the Council set its General Fund revenue budget for 2012/13 and the ten-year capital plan covering 2012- 2022. The General Fund net revenue budget for 2012/13, (excluding schools), is £169.974m, a reduction of £5.794m. The reduction in net budget includes the Change, Efficiency and Improvement Programme target of £16.739m.

The HRA budget for 2012/13, was approved by Council on 15 February 2012. This included an average increase in housing rents of 9.00% in line with the guideline rent increases figures set out in the 2012/13 Housing Revenue Account Subsidy determination. The HRA budget for 2012/13 incorporates expenditure of £59.510m which is financed by a combination of rent and service charges, with a contribution from balances of £2.158m. 2012/13 will see a landmark change for the HRA following the abolition of the HRA Subsidy system at the end of 2011/12. The Council will keep all rents raised locally and will no longer have to pay over sums to Central Government.

The Dedicated Schools Grant (DSG) for North Tyneside for 2012/13 is budgeted to be £133.423m, an increase of £1.467m from 2010/11. Since setting this budget it should be noted that following conversion of one of our secondary schools to academy status in 2011, the DSG is now estimated as £127.745m for 2012/13. This because academies are funded directly from the Education Funding Agency and not through the DSG.

In relation to capital investment, expenditure of £43.734m was approved (including Housing) and total expenditure of £346.186m is currently projected over the lifetime of the 10 year period of the plan (2012-2022).

Risks and challenges moving forward

The Council faces a number of risks moving forward. These are reflected in the level of reserves that have been set aside to meet the challenging financial circumstances being faced by local authorities over the next three years.

These include:

- Partnership working and shared services –as the Council starts to place greater reliance on working with our partners to deliver essential services, there is a need to ensure that the partners are in a position to fulfil their responsibilities;
- Regeneration and Economic Growth – there is a risk that North Tyneside may suffer from a lack of investment impacting on jobs, skills and the ability to stimulate economic growth;

- Income generation – the uncertainty around the speed of recovery from the current economic climate and any impact that that may have on external income;
- Inflation – inflation remains an area of risk for the Council;
- Land and property values – these remain an area of concern due to the consequential pressure on the ability to generate capital receipts;
- Demand-led pressures – certain services are facing sustained pressure from increasing volumes and complexities of support requirements;
- Pension Fund – the outcome of the 2010 valuation did give a reduction in the employers contribution rate, although risks remain around the pension fund liabilities beyond the period of the valuation (from 2013 onwards);
- Treasury Management – uncertainties regarding the timing and level of increases to the bank rate and the consequential impact on short and medium-term borrowing and lending;
- Housing Revenue Account Self Financing – there will be more direct exposure to fluctuations in interest rates following the ‘buy out’ from the National Housing Subsidy System; and,
- Savings Targets – the delivery of efficiency savings, to allow the front line services to be protected as far as possible, has been a feature in the Council’s budget plans for many years. Financial plans for future years are no different, with a challenging remit to deliver savings. Failure to meet these targets would place significant pressure on the Council’s finances to balance its budget and continue to deliver excellent services.

The Council continues to work to mitigate these risks and has an ambitious Change, Efficiency and Improvement programme in place to help fund these potential risks whilst at the same time improving service delivery and the customer experience.

FIONA ROONEY
CHIEF FINANCE OFFICER
Date: 27 September 2012

Cabinet as at 30 June 2012

Member	Portfolio
1. Mrs L Arkley	Elected Mayor
2. Councillor J Wallace	Finance
3. Councillor P Mason	Housing
4. Councillor D Lilly	Children, Young People & Learning
5. Councillor L Miller	Public Health and Adult Social Care
6. Councillor G Westwater	Community & Regulatory Services
7. Councillor E Hodson	Transport & the Environment

General Statistics

2010/11		2011/12
	Area and Population	
20,372	Area of Borough (acres)	20,372
197,300	Population (Register General Mid Year Estimates)	198,500
9.68	Persons per Acre	9.74
63,703	Relevant Number of Properties (Band D Equivalent)	64,147
	Rateable Value	
£149,591,142	Non Domestic Rateable Value at Year End	£149,532,952
	Rates:	
	<u>National Non Domestic Rate (Per Pound of Rateable Value)</u>	
41.4p	Standard Rates Multiplier	43.3p
40.7p	Small Business Multiplier	42.6p
	Council Tax	
£1,484.90	Council Tax for Band D Property	£1,484.90
	Loan Debt at Year End:	
£321,307,474	Net loan debt for which Council is responsible	£444,510,969
£1,628.52	Net loan debt per head of population	£2,239.35
	Number of Schools in the Borough	
1	Nursery	1
8	First	8
37	Primary	35
4	Middle	4
2	High	1
1	Special	0
24	Trust	27
	Number of Council Houses:	
19	Bedsits	19
2,314	Low rise flats	2,311
1,276	Medium rise flats	1,272
128	Maisonettes	127
1,785	Bungalows	1,785
9,075	Houses	9,056
925	Sheltered Accommodation	926
15,522		15,496

Independent Auditor's Report

Opinion on the Council's financial statements

I have audited the financial statements of North Tyneside Council for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. 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 2011/12.

This report is made solely to the members of North Tyneside Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Strategic Director of Finance and Resources and auditor

As explained more fully in the Statement of the Strategic Director of Finance and Resource's Responsibilities, the Strategic Director of Finance and Resources 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, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Strategic Director of Finance and Resources; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of North Tyneside Council as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I report to you if:

- in my opinion the annual governance statement does not reflect compliance with ‘Delivering Good Governance in Local Government: a Framework’ published by CIPFA/SOLACE in June 2007;
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- I designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response; or
- I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects.

Conclusion on Council’s arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Council and the auditor

The Council is responsible for putting in place proper arrangements to secure 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.

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Council has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Council put in

place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, North Tyneside Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

Steve Nicklin
District Auditor

Audit Commission
Nickalls House
Metro Centre
Gateshead
Tyne and Wear
NE11 9NH

27 September 2012

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

- i. To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, the officer is the Chief Finance Officer;
- ii. To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- iii. To approve the Statement of Accounts.

Signed:

Chair of Council
Date: 27 September 2012

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practice as set out in the CIPFA/ Local Authority Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in the United Kingdom ('The Code').

In preparing this Statement of Accounts the Chief Finance Officer has:

- i. Selected suitable accounting policies and then applied them consistently;
- ii. Made judgements and estimates that were reasonable and prudent; and
- iii. Complied with the local authority Code.

The Chief Finance Officer has also ensured that:

- i. Proper accounting records have been kept up to date; and
- ii. Reasonable steps have been taken for the prevention and detection of fraud and other irregularities

I certify that the Statement of Accounts for the year ended 31 March 2012, required by the Accounts and Audit (England) Regulations 2011 are set out in the following pages and that they give a true and fair view of the financial position of the Council and its income and expenditure for the year ended 31 March 2012.

Signed:

Fiona Rooney
Chief Finance Officer
Date: 27 September 2012

Comprehensive Income and Expenditure Statement for the year ended 31 March 2012

This Statement shows the accounting cost in year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils 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.

2010/11				2011/12		
Gross Exp £000s	Gross Inc £000s	Net Exp £000s		Gross Exp £000s	Gross Inc £000s	Net Exp £000s
20,818	(19,825)	993	Central Services to the Public	20,713	(20,113)	600
28,128	(8,609)	19,519	Cultural & Related	26,137	(8,491)	17,646
34,370	(4,425)	29,945	Environmental & Regulatory	31,283	(3,752)	27,531
25,145	(22,783)	2,362	Planning Services	14,397	(10,497)	3,900
245,906	(203,148)	42,758	Children's & Education Services	224,851	(184,065)	40,786
9,156	(5,285)	3,871	Highways & Transport Services	8,942	(5,053)	3,889
60,516	(49,896)	10,620	Local Authority Housing (HRA)	56,760	(53,652)	3,108
148,585	0	148,585	Exceptional Item HRA*	128,193	0	128,193
72,937	(71,035)	1,902	Other Housing Services	76,020	(74,298)	1,722
96,572	(31,533)	65,039	Adult Social Care	97,019	(34,838)	62,181
6,987	(1,182)	5,805	Corporate & Democratic Core	6,606	(1,270)	5,336
9,961	0	9,961	Non Distributed Costs (NDC)	9,771	0	9,771
(93,887)	0	(93,887)	Exceptional Item NDC	0	0	0
665,194	(417,721)	247,473	Cost of Services	700,692	(396,029)	304,663
135,942	0	135,942	Other Operating Expenditure (Note 8)	28,694	0	28,694
29,210	(375)	28,835	Financing and Investment Income and Expenditure (Note 9)	26,213	(403)	25,810
0	(203,345)	(203,345)	Taxation and Non-Specific Grant Income (Note 10)	0	(192,212)	(192,212)
830,346	(621,441)	208,905	Deficit on Provision of Services	755,599	(588,644)	166,955
		(18,050)	(Surplus) on Revaluation of Non-Current Assets			(6,325)
		0	Deficit on Revaluation of Available for Sale Financial Assets			0
		14,370	Actuarial Losses on Pension Assets / Liabilities			104,380
		(3,680)	Other Comprehensive Income and Expenditure			98,055
		205,225	Total Comprehensive Income and Expenditure			265,010

*See Note 49 for more details

Movement in Reserves Statement

This Statement shows the movement in year on the different reserves held by the Council, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus)/Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income & 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.

	General Fund Balances £000s	Earmarked Balances £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	Total Useable Reserves £000s	Unuseable Reserves *Note 37 £000s	Total Council Reserves £000s
Balance 1 April 2011	(13,028)	(26,153)	(4,005)	(4,890)	0	(4,295)	(52,371)	(129,531)	(181,902)
<u>Movement in Reserves during 2011/12</u>									
(Surplus)/deficit on the provision of Service	26,985	0	139,970	0	0	0	166,955	0	166,955
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	98,055	98,055
Total Comprehensive Income & Expenditure	26,985	0	139,970	0	0	0	166,955	98,055	265,010
Adjustments between accounting basis & funding basis under regulations (Note 2)	(23,497)	0	(140,615)	680	0	(4,816)	(168,248)	168,248	0
Net (increase)/decrease before transfers to earmarked reserves	3,488	0	(645)	680	0	(4,816)	(1,293)	266,303	265,010
Transfers to/(from) earmarked reserves (Note 36)	(3,790)	2,817	351	0	0	622	0	0	0
(Increase)/decrease in 2011/12 (Note 36)	(302)	2,817	(294)	680	0	(4,194)	(1,293)	266,303	265,010
Balance at 31 March 2012	(13,330)	(23,336)	(4,299)	(4,210)	0	(8,489)	(53,664)	136,772	83,108

	General Fund Balances £000s	Earmarked Balances £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	Total Useable Reserves £000s	Unuseable Reserves *Note 37 £000s	Total Council Reserves £000s
Balance 1 April 2010	(11,854)	(22,493)	(2,940)	(4,193)	0	(2,179)	(43,659)	(343,468)	(387,127)
<u>Movement in Reserves during 2010/11</u>									
(Surplus)/deficit on the provision of Service	41,062	0	167,843	0	0	0	208,905	0	208,905
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	(3,680)	(3,680)
Total Comprehensive Income & Expenditure	41,062	0	167,843	0	0	0	208,905	(3,680)	205,225
Adjustments between accounting basis & funding basis under regulations (Note 2)	(45,896)	0	(168,908)	(697)	0	(2,116)	(217,617)	217,617	0
Net (increase)/decrease before transfers to earmarked reserves	(4,834)	0	(1,065)	(697)	0	(2,116)	(8,712)	213,937	205,225
Transfers to/(from) earmarked reserves (Note 36)	3,660	(3,660)	0	0	0	0	0	0	0
(Increase)/decrease in 2010/11 (Note 36)	(1,174)	(3,660)	(1,065)	(697)	0	(2,116)	(8,712)	213,937	205,225
Balance at 31 March 2011	(13,028)	(26,153)	(4,005)	(4,890)	0	(4,295)	(52,371)	(129,531)	(181,902)

Balance Sheet as at 31 March 2012

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council.

Restated 1 April 2010 £000s	Restated 31 March 2011 £000s		Notes	31 March 2012 £000s
1,163,321	905,576	Property, Plant & Equipment	17	871,995
746	721	Heritage Assets	18	791
1,549	1,505	Investment Property	21	1,697
916	1,040	Intangible Assets	22	987
520	520	Long Term Investments	23	520
1,592	1,209	Long Term Debtors	24	894
1,168,644	910,571	Long Term Assets		876,884
240	230	Short Term Investments	43	218
4,430	3,532	Assets Held for Sale	25	1,106
588	593	Inventories	26	679
39,645	36,243	Short Term Debtors	27	28,262
24,683	10,835	Cash & Cash Equivalents	28	3,226
69,586	51,433	Current Assets		33,491
(50,582)	(51,995)	Short Term Borrowing	29	(48,804)
(54,151)	(39,382)	Short Term Creditors	30	(38,234)
(2,167)	(2,031)	Finance & PFI Lease Creditors	6,16	(2,054)
(13,729)	(10,693)	Provisions	31	(17,008)
(116)	(416)	Other Short Term Liabilities	34	(404)
(120,745)	(104,517)	Current Liabilities		(106,504)
(50,354)	(49,295)	Finance & PFI Lease Creditors	6,16	(47,242)
(3,799)	(2,900)	Provisions	31	(3,327)
(264,750)	(284,750)	Long Term Borrowing	32	(402,943)
(3,440)	(3,302)	Other Long Term Liabilities	34	(3,170)
(87)	(3,369)	Other Long Term Creditors	33	(4,681)
(403,385)	(324,170)	Pension Liability	7	(424,210)
(4,543)	(7,799)	Capital Grants Receipts in Advance	11	(1,406)
(730,358)	(675,585)	Long Term Liabilities		(886,979)
387,127	181,902	Net Assets/(Liabilities)		(83,108)
(43,659)	(52,371)	Useable Reserves	35	(53,664)
(343,468)	(129,531)	Unuseable Reserves	37	136,772
(387,127)	(181,902)	Total Reserves		83,108

Cash Flow Statement for year ended 31 March 2012

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The Statement shows how the Council 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council'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 Council.

2010/11 £000s		Notes	2011/12 £000s
(208,905)	Net surplus/ (deficit) on the provision of services		(166,955)
236,251	Adjustments to net surplus or deficit on the provision of services for non cash movements	45	78,022
(24,661)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	45	(26,672)
2,685	Net Cash Flows from Operating Activities		(115,605)
(34,900)	Net Cash flow from Investing Activities	47	(10,812)
18,367	Net Cash flow from Financing Activities	48	118,808
(13,848)	Net Increase or (decrease) in cash and cash equivalents		(7,609)
24,683	Cash and cash equivalents at the beginning of the reporting period	28	10,835
10,835	Cash and cash equivalents at the end of the reporting period		3,226

Chief Finance Officer's Certificate

I certify that the Statement of Accounts for the year ended 31 March 2012, required by the Accounts and Audit (England) Regulations 2011 are set out in the following pages and that they give a true and fair view of the financial position of the Council and its income and expenditure for the year ended 31 March 2012.

Signed: Fiona Rooney

Chief Finance Officer

Date: 27 September 2012

Index to Notes to the Core Financial Statements

Note	Title	Page No
1	Prior Period Adjustments	23
2	Adjustments between Accounting Basis and Funding Basis under Regulations	24
3	Amounts Reported for Resource Allocation Decisions	30
4	Critical Judgements in Applying Accounting Policies	35
5	Assumptions made about the future and other major sources of estimation uncertainty	35
6	Leasing	36
7	Pensions	38
8	Other Operating Expenditure	45
9	Financing and Investment Income & Expenditure	45
10	Taxation and Non Specific Grant Income	45
11	Grant Income	46
12	Officers Remuneration	48
13	Members Allowances	56
14	Related Parties Transactions	56
15	Audit Costs	57
16	Long Term Contracts – Service Concessions	57
17	Property, Plant & Equipment – including Valuation Certificate	60
18	Heritage Assets	68
19	Summary of Capital Expenditure and Sources of Finance	69
20	Capital Commitments	69
21	Investment Property	70
22	Intangible Assets	70
23	Long Term Investments	71
24	Long Term Debtors	73
25	Assets Held for Sale	73
26	Inventories	73
27	Short Term Debtors	74
28	Cash and Cash Equivalents	74
29	Short Term Borrowing	74
30	Short Term Creditors	75
31	Provisions	75
32	Long Term Borrowing	76
33	Long Term Creditors	77
34	Transferred Debt	77
35	Useable Reserves	
	a. General Fund Balances including Earmarked Balances	77
	b. Housing Revenue Account Balance	78
	c. Capital Receipts Reserve	78
	d. Major Repairs Reserve	78
	e. Capital Grants Unapplied	78

Note	Title	Page No
36	Reserves & Balances	79
37	Unuseable Reserves:	
	a. Revaluation Reserve	84
	b. Available for Sale Reserve	85
	c. Capital Adjustment Account	85
	d. Financial Instruments Adjustments Account	87
	e. Pensions Reserve	87
	f. Deferred Capital Receipts Reserve	88
	g. Collection Fund Adjustment Account	88
	h. Unequal Pay Back Pay Account	89
	i. Accumulated Absences Account	89
38	Contingent Liabilities	90
39	School Balances	91
40	Trust Funds	91
41	Deployment of Dedicated Schools Grant	91
42	Health Act 1999 Pooled Funds and similar arrangements	92
43	Financial Instruments	93
44	Cash held on behalf of third parties	99
45	Notes to the Cash Flow – Revenue Activities	99
46	Notes to the Cash Flow – Operating Activities (Interest)	100
47	Notes to the Cash Flow – Operating Activities (Investing Activities)	100
48	Notes to the Cash Flow – Financing Activities	101
49	Exceptional Items	101
50	Post Balance Sheet Events – Events after the Reporting Period	102

1 Prior Period Adjustments

Adjustments have been made to the 2010/11 financial statements to take account of changes in accounting policies as per The Code (2011/12) in respect of Heritage Assets. The adjustments below highlight the individual lines that have changed within the 2010/11 Accounts.

Extracts from the Balance Sheet 2010/11

31 March 2010 (Published) £000s	31 March 2010 (Restated) £000s		31 March 2011 (Published) £000s	31 March 2011 (Restated) £000s
1,164,067	1,163,321 746	Property, Plant & Equipment Heritage Assets	906,297	905,576 721

Adjustments have also been made as a result of the above change to the Property, Plant & Equipment Note (Note 17) within the 2010/11 Accounts. The adjustments below highlight the individual lines that have changed within the 2010/11 Accounts, together with the relevant totals, although it should be noted that the sub-totals do not add up to the individual tables as unaffected lines are not included.

Extracts from the Property, Plant and Equipment Note

	2010/11 Published Figures			Adjustments for Heritage Assets	2010/11 Restated Figures		
	Other Land & Buildings	Community Assets	Total Property, Plant & Equipment		Other Land & Buildings	Community Assets	Total Property, Plant & Equipment
Cost or Valuation							
1 April 2010	388,606	1,656	1,232,123	(911)	388,549	802	1,231,212
Additions	10,572	0	59,858	(4)	10,568	0	59,854
31 March 2011	294,596	1,656	993,978	(915)	294,535	802	993,063
Accumulated Depreciation and Impairment							
1 April 2010	(19,503)	(324)	(68,056)	164	(19,503)	(160)	(67,892)
Depreciation Charge	(9,932)	(33)	(30,158)	26	(9,923)	(16)	(30,132)
(Impairment Losses)/Reversals recognised in the Surplus/Deficit on the Provision of Service	(1,059)	0	(24,345)	4	(1,055)	0	(24,341)
31 March 2011	(16,615)	(357)	(87,681)	194	(16,602)	(176)	(87,487)

2 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income & Expenditure figure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2011/12 Adjustments

	Useable Reserves					Movement in Unuseable Reserves £000s
	General Fund Balances £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	
Charges for depreciation and impairment of non current assets	(18,339)	(15,999)	0	0	0	34,338
Revaluation losses on Property, Plant & Equipment	(7,681)	(10,080)	0	0	0	17,761
Movements in the Market Value of Investment Property	140	0	0	0	0	(140)
Amortisation of intangible assets	(440)	0	0	0	0	440
Capital Grants and contributions applied	7,070	72	0	0	0	(7,142)
Revenue Expenditure funded from Capital under Statute	(4,421)	(169)	0	0	0	4,590
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(19,604)	(1,007)	0	0	0	20,611
Statutory/Voluntary provision for the financing of capital investment	11,903	1,678	0	0	0	(13,581)
Capital expenditure charged against the General Fund and HRA Balances	13	1,412	0	0	0	(1,425)
HRA Self Financing	0	(128,193)	0	0	0	128,193
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	6,945	0	0	0	(6,945)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	2,128	(2,128)

2011/12 Adjustments (contd)

Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement

Use of the Capital Receipts Reserve to finance new capital expenditure

Contributions from the Capital Receipts Reserve to finance the payments to the government capital receipts pool

Transfer of deferred sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement

Reversal of Major Repairs Allowance credited to the HRA

Use of the Major Repairs Reserve to finance new capital expenditure

Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements

Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement (see Note7)

Employer's pensions contributions and direct payments to pensioners payable in the year

Useable Reserves					
General Fund Balances £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	Movement in Unuseable Reserves £000s
4,386	2,119	(6,505)	0	0	0
0	0	6,093	0	0	(6,093)
(1,092)	0	1,092	0	0	0
(305)	0	0	0	0	305
0	10,026	0	(10,026)	0	0
0	0	0	10,026	0	(10,026)
(130)	13	0	0	0	117
(24,374)	(316)	0	0	0	24,690
29,030	0	0	0	0	(29,030)

2011/12 Adjustments (contd)

Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements

Amount by which amounts charged for Equal Pay claims to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements

Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration charged in the year in accordance with statutory requirements

TOTAL ADJUSTMENTS

	Useable Reserves					Movement in Unuseable Reserves £000s
	General Fund Balances £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	
	(92)	0	0	0	0	92
	(5,360)	(192)	0	0	0	5,552
	(1,146)	22	0	0	0	1,124
TOTAL ADJUSTMENTS	(23,497)	(140,615)	680	0	(4,816)	(168,248)

2010/11 Adjustments

	Useable Reserves					Movement in Unuseable Reserves £000s
	General Fund Balances £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	
Charges for depreciation and impairment of non current assets	(22,098)	(32,708)	0	0	0	54,806
Revaluation losses on Property, Plant & Equipment	(4,732)	(148,585)	0	0	0	153,317
Movements in the Market Value of Investment Property	17	0	0	0	0	(17)
Amortisation of intangible assets	(417)	0	0	0	0	417
Capital Grants and contributions applied	9,495	102	0	0	0	(9,597)
Revenue Expenditure funded from Capital under Statute	(9,492)	(157)	0	0	0	9,649
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(127,830)	(779)	0	0	0	128,609
Statutory provision for the financing of capital investment	10,960	0	0	0	0	(10,960)
Capital expenditure charged against the General Fund and HRA Balances	0	1,835	0	0	0	(1,835)
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	4,295	0	0	0	(4,295)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	2,179	(2,179)

2010/11 Adjustments (contd)

Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement

Use of the Capital Receipts Reserve to finance new capital expenditure

Contributions from the Capital Receipts Reserve to finance the payments to the government capital receipts pool

Transfer of deferred sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement

Reversal of Major Repairs Allowance credited to the HRA

Use of the Major Repairs Reserve to finance new capital expenditure

Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements

Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement (see Note 7)

Employer's pensions contributions and direct payments to pensioners payable in the year

	Useable Reserves					Movement in Unuseable Reserves £000s
	General Fund Balances £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	5,417	1,718	(7,135)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	5,484	0	0	(5,484)
Contributions from the Capital Receipts Reserve to finance the payments to the government capital receipts pool	(954)	0	954	0	0	0
Transfer of deferred sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(303)	(4)	0	0	0	307
Reversal of Major Repairs Allowance credited to the HRA	0	10,197	0	(10,197)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	10,197	0	(10,197)
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(165)	34	0	0	0	131
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement (see Note 7)	64,052	(515)	0	0	0	(63,537)
Employer's pensions contributions and direct payments to pensioners payable in the year	30,048	0	0	0	0	(30,048)

2010/11 Adjustments (contd)

Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements

Amount by which amounts charged for Equal Pay claims to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements

Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration charged in the year in accordance with statutory requirements

TOTAL ADJUSTMENTS

	Useable Reserves					Movement in Unuseable Reserves £000s
	General Fund Balances £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	
	(39)	0	0	0	0	39
	(5,204)	(84)	0	0	0	5,288
	1,054	38	0	0	0	(1,092)
TOTAL ADJUSTMENTS	(45,896)	(168,908)	(697)	0	(2,116)	217,617

3 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement); and
- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.

2011/12

	Children, Young People & Learning £000s	Community Services £000s	Finance & Resources £000s	Chief Executive's Office £000s	Corporate Items £000s	Total General Fund £000s	Housing Revenue Account £000s	Total Services £000s
Fees and Charges	(15,969)	(16,610)	(4,530)	(7,778)	(1,868)	(46,755)	(52,102)	(98,857)
Government Grants & Contributions	(181,476)	(31,064)	(90,038)	(5,195)	(5,325)	(313,098)	(1,619)	(314,717)
Support Services	(9,315)	(10,424)	(21,178)	(12,530)	(1,401)	(54,848)	0	(54,848)
Interest & Investment Income	0	0	0	0	(7,330)	(7,330)	0	(7,330)
Total Income	(206,760)	(58,098)	(115,746)	(25,503)	(15,924)	(422,031)	(53,721)	(475,752)
Employees	144,875	46,864	11,161	15,094	15,729	233,723	7,623	241,346
Other Service Expenses	74,760	93,250	97,855	16,526	(4,634)	277,757	23,149	300,906
Support Services	16,631	9,455	4,476	6,212	6,042	42,816	2,700	45,516
Depreciation, amortisation & impairment	14,331	4,900	6,166	3,110	(18,674)	9,833	26,248	36,081
Interest Payments	0	0	0	0	20,173	20,173	0	20,173
Levies	0	0	0	0	13,496	13,496	0	13,496
Total Operating Expenditure	250,597	154,469	119,658	40,942	32,132	597,798	59,720	657,518
Net Expenditure	43,837	96,371	3,912	15,439	16,208	175,767	5,999	181,766

2010/11

	Children, Young People & Learning £000s	Community Services £000s	Finance & Resources £000s	Chief Executive's Office £000s	Corporate Items £000s	Total General Fund £000s	Housing Revenue Account £000s	Total Services £000s
Fees and Charges	(16,492)	(14,318)	(4,103)	(7,377)	(1,647)	(43,937)	(47,890)	(91,827)
Government Grants & Contributions	(192,543)	(29,029)	(86,331)	(4,424)	(22,140)	(334,467)	2,237	(332,230)
Support Services	(29,591)	(12,674)	(21,910)	(16,048)	(1,298)	(81,521)	(2,455)	(83,976)
Interest & Investment Income	0	0	0	0	(7,066)	(7,066)	6,775	(291)
Total Income	(238,626)	(56,021)	(112,344)	(27,849)	(32,151)	(466,991)	(41,333)	(508,324)
Employees	150,144	50,953	11,924	17,408	10,192	240,621	8,459	249,080
Other Service Expenses	107,710	97,187	94,787	14,213	(2,046)	311,851	16,247	328,098
Support Services	15,940	10,596	4,375	7,167	6,381	44,459	3,530	47,989
Depreciation, amortisation & impairment	13,846	5,811	10,123	6,137	(26,918)	8,999	12,032	21,031
Interest Payments	0	0	2	0	20,452	20,454	0	20,454
Levies	0	0	0	0	13,210	13,210	0	13,210
Total Operating Expenditure	287,640	164,547	121,211	44,925	21,271	639,594	40,268	679,862
Net Expenditure	49,014	108,526	8,867	17,076	(10,880)	172,603	(1,065)	171,538

Reconciliation to Cost of Services in Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2010/11 £000s		2011/12 £000s
171,538	Net expenditure in Service analysis	181,766
59,006	Adjustments made in respect of statutory accounting policies, not included within Cabinet report	111,486
16,929	Amounts excluded from the Cost of Services within the Comprehensive Income and Expenditure Statement	11,411
247,473	Cost of Services in Comprehensive Income and Expenditure Statement	304,663

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus/ Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2011/12

	Service Analysis	Statutory Accounting Adjustments	Amounts not included in the Cost of Services	Cost of Services	Other Income & Expenditure	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Fees and Charges	(98,857)	7,047	15,735	(76,075)	0	(76,075)
Government Grants & Contributions	(314,717)	(8,297)	7,091	(315,923)	(37,917)	(353,840)
Support Services	(54,848)	0	50,817	(4,031)	0	(4,031)
Interest and Investment Income	(7,330)	0	7,330	0	(403)	(403)
Income from Council Tax/NNDR	0	0	0	0	(154,295)	(154,295)
Total Income	(475,752)	(1,250)	80,973	(396,029)	(192,615)	(588,644)
Employee Expenses	241,346	1,124	0	242,470	0	242,470
Other Service Expenses	300,906	(6,021)	(49,084)	245,801	0	245,801
Support Services Recharges	45,516	0	(12,174)	33,342	0	33,342
Depreciation, amortisation and impairment	36,081	0	25,365	61,446	0	61,446
HRA Self Financing	0	128,193	0	128,193	0	128,193
Interest Payments	20,173	0	(20,173)	0	19,993	19,993
Precepts & Levies	13,496	0	(13,496)	0	13,496	13,496
Payments to Housing Capital Receipts Pool	0	0	0	0	1,092	1,092
Gain or loss on Disposal of Fixed Assets	0	0	0	0	14,106	14,106
IAS19 Pension Costs	0	(10,560)	0	(10,560)	6,220	(4,340)
Total Operating Expenses	657,518	112,736	(69,562)	700,692	54,907	755,599
(Surplus) or deficit on the provision of services	181,766	111,486	11,411	304,663	(137,708)	166,955

2010/11

	Service Analysis	Statutory Accounting Adjustments	Amounts not included in the Cost of Services	Cost of Services	Other Income & Expenditure	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Fees and Charges	(91,827)	684	205	(90,938)	0	(90,938)
Government Grants & Contributions	(332,230)	0	17,401	(314,829)	(41,928)	(356,757)
Support Services	(83,976)	0	72,022	(11,954)	0	(11,954)
Interest and Investment Income	(291)	0	291	0	(375)	(375)
Income from Council Tax/NNDR	0	0	0	0	(161,417)	(161,417)
Total Income	(508,324)	684	89,919	(417,721)	(203,720)	(621,441)
Employee Expenses	249,080	(1,092)	0	247,988	0	247,988
Other Service Expenses	328,098	(8,291)	(69,683)	250,124	0	250,124
Support Services Recharges	47,989	0	0	47,989	0	47,989
Depreciation, amortisation and impairment	21,031	171,149	29,418	221,598	303	221,901
Interest Payments	20,454	0	(20,454)	0	20,290	20,290
Precepts & Levies	13,210	0	(13,210)	0	13,210	13,210
Payments to Housing Capital Receipts Pool	0	0	0	0	954	954
Gain or loss on Disposal of Fixed Assets	0	(939)	939	0	121,475	121,475
IAS19 Pension Costs	0	(102,505)	0	(102,505)	8,920	(93,585)
Total Operating Expenses	679,862	58,322	(72,990)	665,194	165,152	830,346
(Surplus) or deficit on the provision of services	171,538	59,006	16,929	247,473	(38,568)	208,905

4 Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out in pages 114-132, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgments made in the Statement of Accounts are:

Trust Schools

During September 2010, 24 schools moved to Trust status. During 2011/12 a further 3 schools transferred to Trust status. These assets have been removed from the Council's Balance Sheet and a loss on disposal has been recorded in the Comprehensive Income & Expenditure Statement. It is anticipated that further clarification in respect of accounting for Trust schools will be issued during 2012/13.

Service Concessions

An examination of the Council's contracts has resulted in the Private Finance Initiative (PFI) schemes for schools, street lighting and Dudley /Shiremoor Joint Service Centres being recorded on the Council's Balance Sheet. The contracts for Waste Management and Extra Care did not meet the criteria under International Financial Reporting Interpretations Committee (IFRIC) 12 and therefore are not included on the Balance Sheet.

5 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or which are otherwise inherently 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 Council's Balance Sheet at 31 March 2012, for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties
Property, Plant & 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.
Provisions	The Council has made a provision of £15.128m for the settlement of claims for back pay arising from the Equal Pay initiative, based on the number of claims received and an average settlement amount. It is not certain that all valid claims have yet been received by the Council or that precedents set by previous claims will be applicable. Other estimates within our provisions are set out in Note 31.

Item	Uncertainties
Pensions Liability	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. The Pension Fund engages a firm of specialist actuaries to provide the Council with expert advice about the assumptions to be applied.
Debtors arrears	At 31 March 2012, the Council had a balance of £28.262m. A review of significant balances suggested that an impairment of doubtful debts of £7.968m was appropriate. However, in the current economic climate there is an inherent risk that such an allowance would not be sufficient.
National Non Domestic Rate Final Submission	The Accounts have been closed down on an estimated final position due to the timing of the final return relative to the completion of the final accounts. There are no revenue implications of using the estimated final position and the external auditors have confirmed that they consider this treatment reasonable.

6 Leasing

Operating leases – Council as Lessee

The Council uses vehicles, plant and equipment, which are financed under the terms of operating leases. Operating lease rentals included in the revenue accounts for the year amounted to £0.173m, compared to £0.495m in 2010/11.

The Council leases a number of buildings on short-term leases which are also classified as operating leases. The total rentals payable in 2011/12 were £2.519m (£2.474m in 2010/11).

Undischarged operating lease rentals at 31 March 2012 amounted to £81.042m (£53.967m in 2010/11), comprising the following elements:

Restated			31 March	
31 March 2011			2012	
£000s			£000s	
2,349	Due Year 1		2,401	
9,515	Due Years 2-5		8,952	
42,103	Due after Year 5		69,689	
53,967	Total		81,042	

Operating leases – Council as Lessor

The Council has granted a number of leases to organisations (commercial and community) for the use of Council-owned buildings and land. These leases have been accounted for in 2011/12, as being operating leases and the total rental income was £1.783m (£1.783m in 2010/11). The future minimum lease payments

in future years are:

31 March 2011 £000s		31 March 2012 £000s
1,670	Due Year 1	1,705
5,594	Due Years 2-5	5,716
26,667	Due after Year 5	26,416
33,931	Total	33,837

Finance leases

The Council has entered into finance leases for refuse vehicles, gritters, a mobile library and other equipment. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 March 2011 £000s		31 March 2012 £000s
2,765	Vehicles, Plant, Furniture & Equipment	2,034

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired by the Council and the finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March 2011 £000s		31 March 2012 £000s
	Finance lease liabilities (net present value of minimum lease payments):	
678	Current	616
2,068	Non-current	1,452
256	Finance costs payable in future years (interest)	158
3,002	Minimum Lease Payments	2,226

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2011 £000s	31 March 2012 £000s	31 March 2011 £000s	31 March 2012 £000s
Due Year 1	776	688	678	616
Due Years 2-5	2,226	1,538	2,068	1,452
Due after Year 5	0	0	0	0
Total	3,002	2,226	2,746	2,068

7 Pensions

The Council participates in the Local Government Pension Scheme (LGPS) and its permanent employees are offered the opportunity to join the scheme should they so wish. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make payments that need to be disclosed at the time that employees earn their entitlement.

The Council participates in the Tyne & Wear Pension Fund (TWPF), which is administrated by South Tyneside Metropolitan Borough Council. This is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension fund's liabilities with investment assets.

In addition to this scheme the Council is also responsible for all pension payments relating to added years awarded and the mandatory costs it has incurred for allowing premature retirement, together with related increases, in relation to Teachers Pensions Scheme (TPS). In 2011/12, the Council paid £8.641m (£8.879m 2010/11) to Teachers' Pensions in respect of teachers' retirement benefits, representing 13.54% of pensionable pay (13.68% 2010/11).

Transactions relating to retirement benefits

The Council recognises 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. The Council is required to make a charge against council tax based on the cash payable in the year, so the real cost of post employment/ retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

The following transactions have been charged to the Comprehensive Income and Expenditure Statement during the year:

Pension Revenue Summary	2010/11 £000s				2011/12 £000s			
	TWPF		TPS	Total	TWPF		TPS	Total
	Funded	Unfunded			Funded	Unfunded		
Comprehensive Income & Expenditure Statement								
<u>Cost of Services</u>								
Current Service Costs	21,430	0	0	21,430	16,990	0	0	16,990
Past Service Costs	(87,750)	(2,690)	(3,440)	(93,880)	800	250	430	1,480
<u>Financing and Investment Income and Expenditure</u>								
Interest Cost	42,790	1,450	1,890	46,130	41,790	1,410	1,820	45,020
Expected return on assets in the scheme	(37,210)	0	0	(37,210)	(38,800)	0	0	(38,800)
Total Post Employment Benefit Charged to the Deficit on the Provision of Services	(60,740)	(1,240)	(1,550)	(63,530)	20,780	1,660	2,250	24,690
Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement								
Actuarial (gains) and losses	13,930	180	260	14,370	98,920	2,380	3,080	104,380
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(46,810)	(1,060)	(1,290)	(49,160)	119,700	4,040	5,330	129,070

Pension Revenue Summary	2010/11 £000s				2011/12 £000s			
	TWPF		TPS	Total	TWPF		TPS	Total
	Funded	Unfunded			Funded	Unfunded		
Movement in Reserves Statement								
Reversal of net charges made to the deficit for the Provision of Services for post employment benefits	60,740	1,240	1,550	63,530	(20,780)	(1,660)	(2,250)	(24,690)
<u>Actual amount charged against the General Fund Balance for pensions in the year</u>								
Employers contributions payable to the scheme	25,420	0	0	25,420	23,880	0	0	23,880
Retirement benefits payable to pensioners	0	1,780	2,850	4,630	0	2,040	3,110	5,150

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2012 is a loss of £104.380m (£14.370m loss in 2010/11).

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of scheme liabilities:

	2010/11				2011/12			
	TWPF		TPS	Total	TWPF		TPS	Total
	Funded £000s	Unfunded £000s	£000s	£000s	Funded £000s	Unfunded £000s	£000s	£000s
Opening present value of liabilities	(844,080)	(29,330)	(38,530)	(911,940)	(774,070)	(26,490)	(34,390)	(834,950)
Current Service Cost	(21,430)	0	0	(21,430)	(16,990)	0	0	(16,990)
Interest Cost	(42,790)	(1,450)	(1,890)	(46,130)	(41,790)	(1,410)	(1,820)	(45,020)
Contributions by participants	(6,720)	0	0	(6,720)	(6,380)	0	0	(6,380)
Actuarial gains/(losses) on liabilities	28,390	(180)	(260)	27,950	(68,700)	(2,380)	(3,080)	(74,160)
Net Benefits paid out	24,810	1,780	2,850	29,440	24,350	2,040	3,110	29,500
Past Service Cost	87,750	2,690	3,440	93,880	(800)	(250)	(430)	(1,480)
Closing present value of liabilities	(774,070)	(26,490)	(34,390)	(834,950)	(884,380)	(28,490)	(36,610)	(949,480)

Reconciliation of fair value of scheme assets:

	TWPF	
	2010/11 £000s	2011/12 £000s
Opening fair value of assets	508,560	510,780
Expected return on assets	37,210	38,800
Actuarial gains/(losses) on assets	(42,320)	(30,220)
Contributions by employer	25,420	23,880
Contributions by participants	6,720	6,380
Net Benefits paid out	(24,810)	(24,350)
Closing fair value of assets	510,780	525,270

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was a gain of £8.580m (loss of £5.110m in 2010/11).

Scheme History

	2007/08 £000s	2008/09 £000s	2009/10 £000s	2010/11 £000s	2011/12 £000s
Present Value of Liabilities					
• TWPF	(582,723)	(640,520)	(873,410)	(800,560)	(912,870)
• TPS	(33,970)	(34,880)	(38,530)	(34,390)	(36,610)
Fair Value of assets in the TWPF	439,820	371,440	508,560	510,780	525,270
Surplus/(deficit) in the scheme					
• TWPF	(142,900)	(269,084)	(364,850)	(289,780)	(387,600)
• TPS	(33,970)	(34,880)	(38,530)	(34,390)	(36,610)
Total	(176,870)	(303,964)	(403,380)	(324,170)	(424,210)

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £949.480m (£834.950m in 2010/11) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £424.210m (£324.170m in 2010/11). However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary; and
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

It is estimated that in 2012/13 the Council will make contributions of £21.620m to the TWPF, £1.880m in respect of the unfunded element of the TWPF and £2.810m directly to the beneficiaries of the TPS.

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 TWPF and TPS have been assessed by Aon Hewitt Ltd, an independent firm of actuaries, estimates for the Council's liabilities being based on the latest full valuation for the funded TWPF scheme as at 31 March 2010 and for both the unfunded TWPF scheme and TPS is 31 March 2008. The principal assumptions used by the actuary have been:

Long term expected rate of return on assets in the scheme:

- Equity Investments
- Property
- Government Bonds
- Corporate Bonds
- Other

TWPF	
2010/11	2011/12
8.4%	8.1%
7.9%	7.6%
4.4%	3.1%
5.1%	3.7%
6.8%	4.8%

Mortality assumptions

Longevity at 65 for current pensioners:

- Men
- Women

Longevity at 65 for future pensioners:

- Men
- Women

TWPF		TPS	
2010/11	2011/12	2010/11	2011/12
21.5	21.6	21.5	21.6
23.7	23.8	23.7	23.8
23.3	23.4	23.3	23.4
25.6	25.7	25.6	25.7

Rate of Inflation (RPI)

Rate of Inflation (CPI)

Rate of increase in salaries

Rate of increase in pensions

Rate for discounting scheme liabilities

TWPF Funded		TPS/TWPF Unfunded	
2010/11	2011/12	2010/11	2011/12
3.7%	3.5%	3.6%	3.4%
2.8%	2.5%	2.7%	2.4%
5.2%	5.0%	n/a	n/a
2.8%	2.5%	2.7%	2.4%
5.4%	4.7%	5.5%	4.6%

The TPS has no assets to cover its liabilities. The TWPF's assets consist of the following categories, by proportion of the total assets held:

	2010/11 %	2011/12 %
Equities	68.00	68.50
Property	8.10	9.20
Government Bonds	7.00	7.10
Other Bonds	11.70	11.60
Other	5.20	3.60
Total	100.00	100.00

Commutation

Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2010 pension entitlements, for additional lump sum. Each member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2010 pension entitlements for additional lump sum.

History of experience gains and Losses

The actuarial losses identified as movements on the Pensions Reserve in 2011/12 can be analysed into the following categories, measured as a percentage of asset or liabilities at 31 March 2012:

	2007/08 %		2008/09 %			2009/10 %			2010/11 %			2011/12 %		
	TWPF	TPS	TWPF funded	TWPF Un funded	TPS	TWPF funded	TWPF Un funded	TPS	TWPF funded	TWPF Un funded	TPS	TWPF funded	TWPF Un funded	TPS
Differences between the expected and actual return on assets as a percentage of assets	(10.6)	-	(10.6)	-	-	22.6	-	-	(8.3)	-	-	(5.8)	-	-
Experience gains and losses on liabilities as a percentage of liabilities	1.9	(0.7)	1.9	0	(0.7)	0.9	3.0	3.0	3.2	0.3	0.3	(0.7)	(2.2)	(2.2)

8 Other Operating Expenditure

The other operating expenditure shown in the Comprehensive Income & Expenditure Statement consists of:

2010/11 £000s		2011/12 £000s
13,210	Levies	13,496
954	Payments to the Government Housing Capital Receipts Pool	1,092
121,475	(Gains)/Losses on the disposal of non current assets	14,106
303	Impairment of assets held for sale	0
135,942	Total	28,694

9 Financing and Investment Income & Expenditure

The financing and investment income & expenditure shown in the Comprehensive Income & Expenditure Statement consists of:

2010/11 £000s		2011/12 £000s
20,290	Interest payable and similar charges	19,993
8,920	Pension interest cost and expected return on pensions assets	6,220
(257)	Interest receivable and similar income	(153)
(118)	Income & expenditure in relation to investment Property and changes in their fair value	(250)
28,835	Total	25,810

10 Taxation and Non Specific Grant Income

The taxation and non specific grant income shown in the Comprehensive Income & Expenditure Statement consists of:

2010/11 £000s		2011/12 £000s
(84,655)	Council Tax Income	(85,127)
(76,762)	National Non Domestic Rates	(69,168)
(28,036)	Non Ringfenced Government Grants	(23,830)
(13,892)	Capital Grants and Contributions	(14,087)
(203,345)	Total	(192,212)

11 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2011/12.

2010/11 £000s		2011/12 £000s
	Credited to Taxation & Non Specific Grant Income	
	<u>Non-Ringfenced Government Grants</u>	
0	Local Services Support Grant	(320)
0	Council Tax Freeze Grant	(2,130)
(16,889)	Area Based Grant	0
(11,147)	Revenue Support Grant	(21,380)
(28,036)		(23,830)
	<u>Capital Grants and Contributions</u>	
(4,157)	Standards Fund	(7,210)
(1,001)	Local Transport Plan	(2,719)
(148)	Local Transport Plan Integrated Transport Uplift	(698)
(87)	S106 Contributions	(621)
(623)	Flood Defences	(545)
0	Community Capacity	(535)
(803)	Housing Growth Point Grant	(376)
(46)	Big Lottery	(369)
0	Aim Higher – Short Breaks Service	(230)
(13)	Heritage Lottery	(215)
0	Local Area Agreement Performance Reward Grant	(137)
(495)	Single Programme	(104)
(1,242)	Nexus	(93)
(376)	Single Housing Investment Pot	(19)
(1,513)	English Partnerships	0
(952)	Playsite Pathfinder Programme	0
(901)	SureStart	0
(487)	Football Foundation Grant	0
(214)	Mental Health Grant	0
(104)	Social Care Grant	0
(17)	Department for Transport	0
(713)	Other Grants (individually under £0.100m)	(216)
(13,892)		(14,087)
(41,928)	Total	(37,917)

2010/11 £000s		2011/12 £000s
	Credited to Services	
(111,364)	Dedicated Schools Grant	(131,371)
(35,325)	Mandatory Rent Allowances Benefit Grant	(38,109)
(28,525)	Rent Rebates Benefit Grant	(30,759)
(18,079)	Council Tax Benefit Grant	(17,814)
(14,737)	Post 16 Education Grant	(12,537)
0	Early Intervention Grant	(8,742)
0	External Care – Learning Disability	(6,624)
(5,135)	Private Finance Initiative	(5,135)
(17,671)	Standards Fund Grant	(4,483)
0	Pupil Premium Grant	(2,361)
0	Employability Programme	(1,873)
(1,924)	Housing Benefit Administration Grant	(1,820)
(16,238)	Future Jobs Fund	(1,794)
(390)	Sea Change Grant	(1,556)
(1,881)	Single Housing Investment Pot	(1,319)
(1,417)	Supporting People Grant	(1,109)
(1,138)	Social Care Reform Grant	(650)
0	New Homes Bonus	(586)
(493)	Youth Justice Board Grant	(576)
(977)	School Sports Co-ordinator Allocation	(345)
0	Local Area Agreement Grant	(342)
0	Music Grant	(262)
(331)	Initial Teacher Training	(256)
0	Childrens Social Care Workforce	(245)
(137)	Homelessness Grant	(215)
0	Warm Homes Healthy People	(185)
(301)	European Regional Development Fund Grant	(185)
0	Additional Grant for Schools	(177)
0	Referendum	(160)
0	Blue Badge Grant (Department of Health)	(157)
(90)	European Social Fund	(153)
(125)	North East Improvement & Efficiency Partnership	(142)
(195)	14-19 Entitlement (Diploma Grant)	(132)
0	District Drainage	(115)
(201)	Young Peoples Partnership Grant	(114)
(6,929)	Sure Start Grant	0
(4,793)	School Standards Grant	0
(1,277)	School Standards Grant Personalisation	0
(1,060)	Tyne Gateway Children in Poverty	0
(594)	Local Transport Plan	0
(493)	Think Family Grant	0
(487)	Seed Corn Grant	0
(370)	Social Work Remodelling	0
(235)	Lawn Tennis Association Grant	0
(225)	Staying Put Pilot	0
(223)	Targeted Mental Health in Schools	0
(172)	Youth Crime Action Plan	0

2010/11 £000s		2011/12 £000s
	Credited to Services(contd)	
(140)	Dementia Grant	0
(122)	Stroke Services	0
(117)	Youth Opportunities Fund	0
(110)	Local Area Agreement Pump Priming Grant	0
(4,157)	Other Grants (individually under £0.100m)	(1,060)
(278,178)	Total	(273,463)

The Council 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 would require the monies to be returned to the provider if they are not met. The balances at the year-end are as follows:

31 March 2011 £000s		31 March 2012 £000s
	Capital Grants Receipt In Advance	
(1,204)	Section 106 Agreements	(778)
(797)	Local Area Agreement Performance Reward Grant	(471)
(70)	Commuted Sum – St Peters Road Landscaping	(70)
(48)	Developers Contributions to Play Sites	(48)
(144)	Single Programme	(39)
(3,854)	Standards Fund	0
(1,556)	Sea Change Grant	0
(105)	Big Lottery Fund	0
(21)	Warm Zones	0
(7,799)	Total	(1,406)

12 Officers Remuneration

This disclosure note is split into two categories; employees and Senior Officers. Table 1 shows employees whose remuneration, excluding employer's pension contributions, was £50,000 or more. Table 2 sets out details of Senior Officers (by post title) whose salary is between £50,000 and £150,000. Table 3 details Senior Officers whose salary is £150,000 or more a year. Senior Officers are excluded from Table 1.

A Senior Officer is defined as any person having responsibility for the management of the Council, to the extent that the person has power to direct or control the major activities of the Council, in particular activities involving the expenditure of money, whether solely or collectively with other persons. In North Tyneside this is deemed to be the Senior Leadership Team.

Table 4 provides details of exit packages. The packages included within each band are those that have been agreed by the Council i.e. those packages for which the Council is demonstrably committed. The agreement may be legal, contractual or constructive at the end of the financial year. The costs include all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.

Table 1

2010/11 Number of Employees	Remuneration Band	2011/12				Total
		APT&C	LEA Teachers	VA Teachers	Trust Teachers	
93	£50,000 - £54,999	29	22	1	43	95
55	£55,000 - £59,999	3	20	4	8	35
13	£60,000 - £64,999	6	10	2	5	23
9	£65,000 - £69,999	5	2	0	2	9
12	£70,000 - £74,999	1	0	0	2	3
5	£75,000 - £79,999	0	4	1	1	6
4	£80,000 - £84,999	1	1	0	4	6
3	£85,000 - £89,999	0	0	0	4	4
2	£90,000 - £94,999	0	0	0	1	1
0	£95,000 - £99,999	0	1	0	0	1
1	£100,000 - £104,999	0	0	0	0	0
0	£105,000 - £109,999	0	0	0	1	1
197	Total	45	60	8	71	184

The above figures include any payments made to individuals in respect of Job Evaluation and redundancy payments. These payments are included as per The Code's definition of remuneration. This table does not include those senior officers detailed in Tables 2-3 below.

APT&C – Administrative, Professional, Technical & Clerical

LEA – Local Education Authority

VA – Voluntary Aided

Table 2

This table sets out the remuneration disclosures for Senior Officers whose **salary** is less than £150,000 but equal to or more than £50,000 per year.

2011/12

Post Holder Information (2011/12)	Salary (including Fees & Allowances)	Bonuses	Expense Allowances	Benefits in Kind (eg Car Allowance)	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
	£	£	£	£	£	£	£
Strategic Director of Finance & Resources*	125,655	0	0	0	125,655	17,969	143,624
Strategic Director of Children, Young People and Learning	125,600	0	0	0	125,600	17,961	143,561
Strategic Director of Community Services	117,250	0	0	0	117,250	16,767	134,017
Head of Access & Inclusion	129,645	0	0	0	129,645	11,840	141,485
Head of Education, Enterprise & Economy	122,015	0	0	0	122,015	12,884	134,899
Head of Adult Social Care	90,100	0	0	0	90,100	12,884	102,984
Head of Legal, Governance and Commercial Services	89,754	0	0	0	89,754	12,835	102,589
Head of Regeneration, Development & Regulatory Services	86,019	0	0	0	86,019	12,301	98,320
Head of North Tyneside Homes	82,800	0	0	0	82,800	11,840	94,640
Head of Environmental Services	82,800	0	0	0	82,800	11,840	94,640

Post Holder Information (2011/12)	Salary (including Fees & Allowances)	Bonuses	Expense Allowances	Benefits in Kind (eg Car Allowance)	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
	£	£	£	£	£	£	£
Strategic Manager, Human Resources and Organisational Development	82,507	0	0	0	82,507	11,799	94,306
Head of Safeguarding	80,900	0	0	0	80,900	11,569	92,469
Head of Finance	79,500	0	0	0	79,500	11,357	90,857
Head of Customer and Cultural Services	79,500	0	0	0	79,500	11,369	90,869
Head of Commissioning and Resources	79,195	0	0	0	79,195	11,325	90,520
Total	1,453,240	0	0	0	1,453,240	196,540	1,649,780

*This post during 2011/12 also had the responsibility as Head of Paid Service, during 2010/11 this responsibility was previously held by the Chief Executive.

In addition to the officers outlined above, an interim Strategic Director participated in Strategic Leadership Team activities. For 2011/12 the cost of this was £154,336 (£123,647 2010/11).

2010/11

Post Holder Information (2010/11)	Salary (including Fees & Allowances)	Bonuses	Expense Allowances	Benefits in Kind (eg Car Allowance)	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
	£	£	£	£	£	£	£
Acting Deputy Chief Executive (Strategic Director of Children, Young People & Learning)	138,160	0	0	83	138,243	20,862	159,105
Strategic Director of Community Services	117,250	0	0	83	117,333	17,705	135,038
Strategic Director of Finance & Resources	108,950	0	0	83	109,033	16,451	125,484
Head of Regeneration, Development & Regulatory Services ***	98,330	0	0	83	98,413	14,848	113,261
Head of Legal, Governance & Commercial Services	90,100	0	0	0	90,100	13,605	103,705
Head of Adult Social Care	90,100	0	0	0	90,100	13,605	103,705
Head of Environmental Services	86,848	0	0	0	86,848	13,114	99,962
Head of Customer & Cultural Services	79,500	0	0	83	79,583	12,005	91,588
Head of North Tyneside Homes	82,800	0	0	0	82,800	12,503	95,303
Head of Access & Inclusion	82,800	0	0	0	82,800	12,503	95,303

Post Holder Information (2010/11 contd)	Salary (including Fees & Allowances)	Bonuses	Expense Allowances	Benefits in Kind (eg Car Allowance)	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
	£	£	£	£	£	£	£
Acting Strategic Director of Children, Young People & Learning (Head of Education, Enterprise & Economy)	103,295	0	0	0	103,295	15,597	118,892
Head of Commissioning & Resources	79,500	0	0	0	79,500	12,005	91,505
Head of Preventative & Safeguarding Services	80,500	0	0	0	80,500	12,156	92,656
Head of Finance*	6,625	0	0	0	6,625	1,000	7,625
Head of Human Resources/ Strategic Human Resources Manager ****	82,800	0	0	0	82,800	12,503	95,303
Head of Business Management**	91,497	0	0	0	91,497	11,826	103,323
Head of Investment & Regeneration**	80,445	0	0	0	80,445	10,259	90,704
Head of Economy & Employment**	98,887	0	0	83	98,970	7,852	106,822
Head of Serving Communities**	67,023	0	0	0	67,023	12,217	79,240
Total	1,665,410	0	0	498	1,665,908	242,616	1,908,524

*Post filled 1 March 2011

** Posts deleted during 2010/11 as part of Senior Management restructure in October 2010

*** Post holder was Acting Strategic Director of Development until 31 December 2010

**** Job title changed as part of Senior Management restructure in October 2010

Table 3

This table sets out the remuneration disclosures for Senior Officers whose **salary** is more than £150,000 per year.

In 2011/12 the Council did not have a permanent employee fulfilling the role of the Chief Executive. This duty was undertaken by an individual paid through a recruitment agency. The cost of this was £107,315 during 2011/12.

2010/11

Post Holder Information	Salary (including Fees & Allowances)	Bonuses	Expense Allowances	Benefits in Kind (eg Car Allowance)	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
	£	£	£	£	£	£	£
Chief Executive - John Marsden	196,021	0	0	0	196,021	28,690	224,711

Table 4

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments) (a)	Number of compulsory redundancies (b)		Number of other departures agreed (c)		Total number of exit packages by cost band (b) + (c)		Total cost of exit packages in each band £000s	
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12
£0 - 20,000	0	1	164	38	164	39	1,087	340
£20,001 - £40,000	0	1	31	20	31	21	861	586
£40,001 - £60,000	0	1	8	4	8	5	380	229
£60,001 - £110,000	0	0	8	3	8	3	740	248
Total	0	3	211	65	211	68	3,068	1,403

There is a provision for redundancy payments included within the Comprehensive Income and Expenditure Statement. Prior year periods include actual numbers and costs that were previously recognised as a provision. In respect of 2011/12, in addition to the above a provision of £1.767m has been set aside for future redundancy costs. See Note 31 for further details.

There is duplication in the number of posts where the redundancy and pension strain on the fund costs are recognised in different years. The number of packages shown for 2011/12 include 12 departures whose redundancy payments are shown in the 2010/11 figures whilst the pension strain on the fund costs are shown in 2011/12, meaning the total number of new packages agreed in 2011/12 was 56.

13 Members Allowances

Total allowances paid to Members during the year were as follows:

2010/11 £000s		2011/12 £000s
481	Basic Allowances	480
166	Special Responsibility Allowances	165
46	Expenses	17
693	Total	662

14 Related Parties Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council 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 Council.

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in Note 3 – Amounts Reported for Resource Allocation Decisions. Note 11 – Grant Income details grant income reported in the Comprehensive Income & Expenditure Statement.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2011/12 is shown in Note 13. During 2011/12, the Council had no material dealings with companies in which one or more members have an interest. However, the Council paid grants and other sums totalling £2.031m to voluntary and other statutory bodies in which 32 members had declared an interest. The grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest open to public inspection at Legal and Democratic Services, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY.

Officers – During 2011/12 a senior officer from Children, Young People and Learning declared a pecuniary interest regarding a payment of £0.239m made by the Council to a regional body with an interest in learning and education.

Other public bodies – The Council has two pooled budget arrangements with North Tyneside Primary Care Trust. Details are outlined in Note 42.

Entities controlled or significantly influenced by the Council – The Council does not significantly influence any entities, however details of where the Council has an interest in companies are shown in Note 23.

15 Audit Costs

In 2011/12 the Council incurred the following fees relating to external audit and inspection:

2010/11 £000s		2011/12 £000s
304	Fees payable to the appointed auditor with regard to external audit services carried out by the appointed auditor	275
45	Fees payable to the appointed auditor for the certification of grant claims and returns (relating to 2009/10)	52
4	Fees payable to the appointed auditor in respect of non audit services	0
353	Total fee payable to appointed auditor	327
36	Fees payable to the Audit Commission in respect of statutory inspection	0
389	Total Audit Fee Payable	327

16 Long Term Contracts – Service Concessions

The Service Concessions entered into by the Council are two Private Finance Initiative (PFI) Schemes – Schools for the Future and Street Lighting (joint with Newcastle City Council), and one Local Improvement Finance Trust (LIFT) to provide a Joint Service Centre at Dudley.

Schools PFI Scheme

2011/12 was the ninth year of a thirty year PFI contract for the construction, maintenance and operation of four schools in the borough. The contract specifies minimum standards for the services to be provided, with deductions from the fee payable made if facilities are unavailable or performance is below minimum standards. The contractor, Kajima North Tyneside Limited, took on the obligation to construct and maintain the plant and equipment required to operate the schools. The buildings and any plant and equipment installed in them will transfer to the Council for nil consideration at the end of the contract.

The schools involved in the scheme are Burnside Community High School, Coquet Park First School, Marine Park First School and Western Community Primary School. As Western Community Primary School is a Trust School, the building does not appear on the Balance Sheet.

Street Lighting PFI Scheme

2011/12 was the eighth year of a twenty five year PFI contract for the replacement, maintenance and operation of street lighting provision in the borough. The contract specifies minimum standards for the services to be provided, with deductions from the fee payable made if facilities are unavailable or performance is below minimum standards. The contractor took on the obligation to replace and maintain the assets

required to operate the street lighting across the borough. The assets will transfer to the Council for nil consideration at the end of the contract. The operator is Southern Electric Contracting.

Dudley Joint Service Centre (LIFT)

2011/12 was the fifth year of a twenty five year Local Improvement Finance Trust (LIFT) contract for the construction, maintenance and operation of a joint service centre at Dudley. The contract specifies minimum standards for the services to be provided, with deductions from the fee payable made if facilities are unavailable or performance is below minimum standards. The contractor, Newcastle & North Tyneside LIFTco took on the obligation to construct and maintain the building, plant and equipment required to operate the joint service centre. At the end of the twenty five year contract, the Council has the right to purchase the building, plant and equipment from the operator.

Property, plant and equipment

The assets used to provide the services listed above are recognised on the Council's balance sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 17.

Payments

The Council makes an agreed payment under each contract each year, all of which increase each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the contracts at 31 March 2012 (excluding any estimation of inflation and availability/performance deductions) are as detailed below:

	Payment for Services £000s	Reimbursement of Capital Expenditure £000s	Interest £000s	Total £000s
Payable in 2012/13	4,361	1,438	3,003	8,802
Payable within 2-5 years	17,432	6,721	10,970	35,123
Payable within 6-10 years	21,762	8,836	11,302	41,900
Payable within 11-15 years	21,726	10,785	8,207	40,718
Payable within 16-20 years	10,836	13,715	3,825	28,376
Payable over 20 years	7,088	5,733	458	13,279
Total	83,205	47,228	37,765	168,198

Although the payments made to the various contractors are described as unitary payments, they have been calculated to compensate the contractors for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The total of the liabilities outstanding to the contractors for the capital expenditure is as follows:

2010/11 £000s		2011/12 £000s
49,852	Balance outstanding at start of year	48,581
(1,467)	Payments made during the year	(1,554)
196	Capital expenditure incurred in the year	201
48,581	Balance outstanding at year-end	47,228

During 2011/12 there have been no renewals or terminations of the above schemes, and no major works have taken place. There have been no material changes in the arrangements with operators of any of the schemes during the year.

Whitley Bay Joint Service Centre

In January 2012, the contract for Whitley Bay Joint Service Centre, which will be provided by the Local Improvement Finance Trust (LIFTco), was signed. The scheme will involve the construction of a £7.1m Joint Service Centre in Whitley Bay and will be managed by LIFTco. The scheme is expected to become operational in Spring 2013 at which time it will be included on the Council's Balance Sheet.

17 Property, Plant and Equipment

Movement on Balances – 2011/12

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets included in Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation									
Restated 1 April 2011	537,610	294,535	27,650	120,518	803	11,489	459	993,064	47,038
Additions	12,630	4,710	3,128	6,517	0	1,051	2,318	30,354	321
Revaluations increases/(decreases) recognised in the Revaluation Reserve	0	2,934	0	0	0	(1,555)	0	1,379	0
Revaluations increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(42,558)	(8,498)	0	0	0	(2,312)	0	(53,368)	0
Derecognition - Disposals	(555)	(93)	(6,713)	0	0	(510)	0	(7,871)	0
Derecognition - Other	0	(18,447)	0	0	0	(71)	0	(18,518)	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	610	0	610	0
Other movements in Cost or Valuation	0	448	28	0	0	42	(518)	0	0
At 31 March 2012	507,127	275,589	24,093	127,035	803	8,744	2,259	945,650	47,359

2011/12 Contd

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets included in Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Accumulated Depreciation & Impairments									
Restated 1 April 2011	(32,439)	(16,602)	(15,145)	(22,156)	(177)	(969)	0	(87,488)	(5,689)
Depreciation charge	(9,787)	(9,012)	(5,537)	(3,164)	(16)	(128)	0	(27,644)	(1,492)
Depreciation written out to the Revaluation Reserve	0	5,659	0	0	0	0	0	5,659	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,928	1,585	0	0	0	205	0	11,718	0
Impairment (losses)/ reversals recognised in the Revaluation Reserve	0	652	0	0	0	0	0	652	0
Impairment (losses)/ reversals recognised in the Surplus/Deficit on the Provision of Services	16,538	(643)	0	0	0	(42)	0	15,853	0
Derecognition – Disposals	19	5	6,713	0	0	0	0	6,737	0
Derecognition - Other	0	858	0	0	0	0	0	858	0
Other movements in Depreciation & Impairment	0	1	0	0	0	(1)	0	0	0
At 31 March 2012	(15,741)	(17,497)	(13,969)	(25,320)	(193)	(935)	0	(73,655)	(7,181)
Net Book Value									
At 31 March 2012	491,386	258,092	10,124	101,715	610	7,809	2,259	871,995	40,178
At 31 March 2011	505,171	277,933	12,505	98,362	626	10,520	459	905,576	41,349