

Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: Wednesday, 17 September 2014

Committee: Council

Date: Thursday, 25 September 2014

Time: 10.00 am

Venue: Council Chamber, Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND

You are requested to attend the above meeting.
The Agenda is attached

Claire Porter
Head of Legal and Democratic Services (Monitoring Officer)

Malcolm Pate (Chairman)	Steve Davenport	Peggy Mullock
David Lloyd (Speaker)	Andrew Davies	Peter Nutting
Keith Barrow (Leader)	Pauline Dee	Mike Owen
Ann Hartley (Deputy Leader)	David Evans	Kevin Pardy
Peter Adams	Roger Evans	William Parr
Andrew Bannerman	John Everall	Vivienne Parry
Nicholas Bardsley	Hannah Fraser	Malcolm Price
Tim Barker	Nigel Hartin	David Roberts
Charlotte Barnes	Richard Huffer	Keith Roberts
Joyce Barrow	Tracey Huffer	Madge Shingleton
Tudor Bebb	Roger Hughes	Jon Tandy
Martin Bennett	Vince Hunt	Robert Tindall
Thomas Biggins	John Hurst-Knight	Dave Tremellen
Andy Boddington	Jean Jones	Kevin Turley
Vernon Bushell	Simon Jones	David Turner
Gwilym Butler	Miles Kenny	Arthur Walpole
John Cadwallader	Heather Kidd	Stuart West
Karen Calder	Christian Lea	Claire Wild
Dean Carroll	Robert Macey	Brian Williams
Lee Chapman	Jane MacKenzie	Mansel Williams
Steve Charmley	Chris Mellings	Leslie Winwood
Anne Chebsey	David Minnery	Michael Wood
Peter Cherrington	Pamela Moseley	Tina Woodward
Ted Clarke	Alan Mosley	Paul Wynn
Gerald Dakin	Cecilia Motley	

Your Committee Officer is:

Karen Nixon Committee Officer

Tel: 01743 252724

Email: karen.nixon@shropshire.gov.uk

AGENDA

1 Apologies for Absence

2 Disclosable Pecuniary Interests

Members are reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

3 Minutes (Pages 1 - 14)

To approve as a correct record the minutes of the meeting held on 17 July 2014 attached marked 3.

Contact Karen Nixon Tel 01743 252724.

4 Announcements

To receive such communications as the Chairman, Speaker, Leader and Head of Paid Service may desire to lay before the Council.

5 Public Questions

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14.

6 Questions from Members (Pages 15 - 32)

To receive any questions from Members, notice of which has been given in accordance with Procedure Rule 15.2, attached marked 6.

7 Report of the Portfolio Holder for Health (Pages 33 - 40)

To receive the report from the Portfolio Holder for Health, attached marked 7.

8 Report of the Portfolio Holder for Adult Services (Pages 41 - 46)

To receive the report from the Portfolio Holder for Adult Services attached marked 8.

9 Annual Report of the Health and Adult Social Care Scrutiny Committee (Pages 47 - 50)

To receive the report from the Chairman of the Health and Adult Social Care Scrutiny Committee, attached marked 9.

10 Report of the Portfolio Holder for Children's Service (Pages 51 - 58)

To receive the report from the Portfolio Holder for Children's Service, attached marked 10.

11 Annual Report of the Young People's Scrutiny Committee (Pages 59 - 62)

To receive the report from the Chairman of the Young People's Scrutiny Committee, attached marked 11.

12 Report of the Portfolio Holder for Finance, Resources and Support (Pages 63 - 68)

To receive the report from the Portfolio Holder for Finance, Resources and Support, attached marked 12.

13 Report of the Portfolio Holder for Leisure, Libraries and Culture (Pages 69 - 78)

To receive the report from the Portfolio Holder for Leisure, Libraries and Culture attached marked 13.

14 Financial Strategy 2015/16 to 2017/18

Report of the Head of Finance, Governance and Assurance, will follow marked 14.

15 Audited Statement of Accounts (Pages 79 - 266)

Report of the Head of Finance, Governance and Assurance is attached, marked 15.

Contact James Walton Tel 01743 255011.

16 Annual Treasury Report 2013/14 (Pages 267 - 282)

Report of the Head of Finance, Governance and Assurance is attached, marked 16.

Contact James Walton Tel 01743 255011.

17 Adoption of Part II of the Local Government (Miscellaneous Provisions) Act 1976 (Pages 283 - 286)

Report of the Head of Public Protection is attached, marked 17.

Contact Paul McCreary Tel 01743 253868.

18 University Centre Shrewsbury - Delivery of Student Research and Teaching Space

Report of the Chief Executive will follow, marked 18.

Contact Clive Wright Tel: 01743 252701

19 Review of Polling Districts, Polling Stations and Polling Places 2014 (Pages 287 - 320)

Report of the Returning Officer is attached, marked 19.

Contact Claire Porter Tel 01743 252763

20 Appointments to Committee

To confirm the following appointments to Committee:

Young Peoples Scrutiny Committee

- The appointment of Mr V Hunt as a full Member; and
- The appointment of Mr P Wynn as a substitute Member.

South Planning Committee

- The appointment of Mr D Turner as a full Member; and
- The appointment of Mr W Parr as a substitute Member.

21 Motions

The following motions have been received in accordance with Procedure Rule 16:

21.1 The following motion has been received from Councillor Miles Kenny:

The proposed closure of the Monkmoor Walk in Health Centre is yet another blow to the vulnerable, less well-off and disadvantaged who are bearing the brunt of the austerity measures. The closure is a setback for community leaders, faith groups, local stakeholders, businesses and individuals who have put in so much time to address the social disadvantage in this area and hopes for addressing disadvantage in other areas. The proposed closure is based on economic grounds and not on health grounds. The proposal works against the best interests of Shropshire Council and Shropshire residents and does not help further progress Monkmoor Local Commissioning – Improving Futures.

Therefore Council asks Shropshire CCG:

- i. To review their plans to close the Walk in Health Centre so that there remains a large element of non-appointment service, extended hours service and a weekend service and
- ii. Consider reviewing all GP provision in Shropshire so that primary care services are more accessible to the disadvantaged and
- iii. To communicate and work more readily with Shropshire Council members, community leaders, other stakeholders and Shropshire residents.

21.2 The following motion has been received from Councillor Dr Jean Jones:

While many ordinary people face falling household incomes and rising costs of living, some multinational companies are avoiding billions of pounds of tax from a system that fails to make them pay their fair share. Governments around the world would benefit from a fairer tax system which ensures that multinational companies meet their obligations, thereby enabling the authorities to provide quality public services for their people. We call upon the UK government to listen to the strength of public feeling and act to end the injustice of tax dodging by large multinational companies in developing countries and the UK.

21.3 The following motion has been received from Councillor Keith Barrow:

The poor quality of the EE signal has been a problem across the county for some time and the people of Shropshire deserve a better service.

People from across the whole of the county have been contacting me in support of my letter to Olaf Swantee, chief executive of EE, to express my frustration of hundreds of other Shropshire residents who just want to be able to use their mobile phone.

Mobile phones are now a vital and important part of everyday life for people, especially those in rural areas, who need their phones for business, to contact family and friends, to browse the internet, and more.

It's therefore hugely important for local people and the local economy that people are able to use their mobiles whenever they want and need to.

I propose that:

- i. The council organises a petition demanding an improved service.
- ii. The council delivers it together with our local MP's to the Secretary of State for Culture, Media and Sport, Sajid Javid.
- iii. We work with the Shropshire Star to facilitate the online petition.

22 Report of the Shropshire and Wrekin Fire and Rescue Authority (Pages 321 - 324)

To receive the report of the Shropshire and Wrekin Fire and Rescue Authority arising from its meeting held on 9th July 2014.

Report attached marked 22.

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Committee and Date

Council

25 September 2014

COUNCIL

Minutes of the meeting held on 17 July 2014

In the Council Chamber, Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND

10.00 am - 2.00 pm

Responsible Officer: Karen Nixon

Email: karen.nixon@shropshire.gov.uk Tel: 01743 252724

Present

Councillors Malcolm Pate (Chairman) and Keith Barrow (Leader)

Councillors David Lloyd (Speaker), Peter Adams, Andrew Bannerman, Nicholas Bardsley, Tim Barker, Charlotte Barnes, Joyce Barrow, Tudor Bebb, Martin Bennett, Thomas Biggins, Andy Boddington, Vernon Bushell, Gwilym Butler, John Cadwallader, Karen Calder, Steve Charmley, Anne Chebsey, Peter Cherrington, Ted Clarke, Gerald Dakin, Steve Davenport, Andrew Davies, Pauline Dee, David Evans, Roger Evans, Hannah Fraser, Roger Hughes, Vince Hunt, John Hurst-Knight, Jean Jones, Simon Jones, Miles Kenny, Christian Lea, Robert Macey, Chris Mellings, David Minnery, Pamela Moseley, Alan Mosley, Cecilia Motley, Peggy Mullock, Peter Nutting, Kevin Pardy, William Parr, Vivienne Parry, Malcolm Price, Keith Roberts, Madge Shingleton, Jon Tandy, Robert Tindall, Dave Tremellen, Kevin Turley, David Turner, Arthur Walpole, Stuart West, Claire Wild, Brian Williams, Leslie Winwood, Michael Wood, Tina Woodward and Paul Wynn

17 APOLOGIES FOR ABSENCE

The Chief Executive reported that apologies for absence had been received from the following; Mr D Carroll, Mr L Chapman, Mr J Everall, Mr N Hartin, Mrs A Hartley, Mr R Huffer, Mrs T Huffer, Mrs H Kidd, Mrs J Mackenzie, Mr M Owen Mr D Roberts and Mr M Williams.

18 DISCLOSABLE PECUNIARY INTERESTS

Members were reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

At the item on Much Wenlock Neighbourhood Plan: Adoption (agenda item 21), Mrs C Motley declared an interest and left the room whilst the item was being considered.

At the item on SAMDev Plan Submission (agenda item 22), Mrs C Wild and Mrs C Motley both declared an interest and left the room whilst the item was being considered.

19 MINUTES

Arising thereon:

At the item on the 'Revised Code of Conduct for Members' (Minute 12), it was agreed that Cllr Martin Bennett had proposed an additional recommendation which had been duly agreed as follows;

c) That Shropshire Association of Local Councils (SALC) be advised immediately of the change in the Code of Conduct so that they could advise their Members who had adopted the Shropshire model.

RESOLVED: That subject to the foregoing, the Minutes of the meeting held on 8th May 2014, as circulated with the agenda papers, be approved and signed as a correct record.

20 ANNOUNCEMENTS

20.1 Chairman's Engagements

The Chairman referred Members to the list of official engagements carried out by himself and the Speaker since the last meeting of the Council on 8 May 2014, which had been circulated at the meeting.

The Chairman pointed out that Tickwood Farm (Royal Visit), was located at Much Wenlock and not Ironbridge as printed.

20.2 School Nursing Staff Awards

The Chairman explained that the Nursing Standard Nurse Awards had been running successfully for 25 years and to see people of Shropshire representing the county at such a prestigious event was tremendous. This was the first time that a specific School Nursing Award had been made by the Department of Health, so it was particularly commendable that Shropshire's School Nursing Team were the first recipients.

He welcomed Shropshire's School Nursing Team, Andrew Coleman, Deputy Director of Nursing, Jo France, School Nurse Manager and Professional Lead and school nurses, Lita Collins-Singh, Sarah Harris, Kirsten Ellmore and Karen Kerr, and invited them to receive their commendation for greatly improving and introducing asthma management guidelines to all schools in Shropshire.

The Chairman was also pleased to present a certificate of commendation to Ward Sister Susan Lovett for her work with a dying patient. Unfortunately Sister Lovett was unable to attend, so Paula Dabbs from SaTH received the commendation on Sister Lovett's behalf.

20.3 Queen's Birthday Honours

The Chairman announced that the following Shropshire residents had been awarded honours in the Queen's Birthday Honours List and that he had written to each one of the recipients to congratulate them on their achievement:

Knight Commander of the Royal Victorian Order (KCVO)

Bill CASH, Member of Parliament for Stone, awarded a knighthood for his political service (of Bridgnorth).

Commander of the Order of the British Empire (CBE)

Peter MITCHELL, for services to education, having been involved in setting up University Technical Colleges across the UK (of Strefford, near Church Stretton).

Candy GARBETT, Headteacher of The Priory School in Shrewsbury for services to education.

Officers of the Order of the British Empire (OBE)

David CHANTLER, Chief Executive of West Mercia Probation Trust.

Johanne TOMLINSON, a staff nurse at HMP Stafford and the Staffordshire and Stoke on Trent Partnership NHS Trust (of Newport).

Members of the Order of the British Empire (MBE)

William BRITNELL for services to archaeology and conservation in Wales (of Shrewsbury).

Mrs Harriet DEVLIN for her services to heritage and the historic environment (of Cressage, near Shrewsbury).

Simon PLATFORD, for services to music.

Emlyn Huw Rowlands ROBERTS, for services to education (of Telford).

Mrs Amanda THORN for services to dementia care (of Shrewsbury).

Medallist of the Order of the British Empire (BEM)

Mrs Valerie HANOVER, founder of the North Shropshire Special Olympics for her services to sport and people with disabilities.

Mrs Phyllis NICHOLLS for services to the community in Mardu, near Craven Arms.

Mrs Zoe POOLE, for voluntary services to dance for the disabled (of Loggerheads near Market Drayton).

21 PUBLIC QUESTIONS

21.1 Petitions

The Speaker advised that there were no petitions.

21.2 Public Questions

The Speaker announced that three public questions had been received in accordance with Procedure Rule 15 (a copy of the report containing the detailed questions and formal responses is attached to the signed minutes):

- (i) Received from Mrs J Brand and answered by Mr K Barrow, the Leader, in relation to the Local Support and Prevention Fund – copy attached to the signed minutes.

By way of a supplementary question Mrs Brand asked if the remaining sum of over £400,000 which was held in the Council's reserves gained any interest and if so, what happened to that interest and how protected was the £400,000 given that it was not ring-fenced?

In response, the Leader confirmed that the Council's intention was to try and deal with the underlying issues but that the £400,000 did attract a small amount of interest (less than 1%) which he would ensure would be added to the balance, ring-fenced and spent as appropriate with the Council working together with other organisations on the matter.

- (ii) Received from Ms Faith Logan and answered by Mrs K Calder, Portfolio Holder for Health, in relation to Shropshire's Accident and Emergency (A&E) facilities – copy attached to the signed minutes.

By way of a supplementary question Ms Logan reiterated that information emerging from the Clinical Commissioning Group continued to refer to the loss of one of the A&E units.

In response Mrs Calder stated that in order to have a safe and efficient A&E centre ten consultants were required per unit. Currently between the two A&E units there were only six consultants (despite efforts to recruit more consultants). Mrs Calder fully supported the clinical model as the best model to follow and to deliver the best outcomes for the residents of Shropshire. Mrs Calder offered to meet with Ms Logan outside of the meeting to discuss this matter in more detail.

- (iii) Received from Mr Chris Hesketh and answered by Mr M Price Portfolio Holder for Planning, Housing and Commissioning (Central) in relation to CBM and shale gas prospects – copy attached to the signed minutes.

At this point the Speaker referred everyone to Part 4 of the Council's Procedure Rules at paragraph 14.1 (iv) which stated that when matters were raised that related to items on the agenda, the Speaker may decide to defer the question until that item was reached and take it before the Councillors started their debate. This particular public question related to agenda item 7 'Report to Council Providing Information on Hydrocarbon Gas Exploration in Shropshire' and therefore the Speaker would take this public question at that juncture.

22 QUESTIONS FROM MEMBERS

The Speaker advised that six questions from Members had been received in accordance with Procedure Rule 15 (copies of the report containing the detailed questions and their formal responses are attached to the signed minutes).

- (i) Received from Mr M Williams and answered by Mr M Price Portfolio Holder for Strategic Planning, Planning, Housing and Commissioning (Central) in relation to the severe shortage of public housing for rent and affordable housing in Shropshire – copy attached to the signed minutes.

There was no supplementary question.

- (ii) Received from Mr R Evans and answered by Mrs K Calder, Portfolio Holder for Health in relation to the membership of Health and Wellbeing Boards – copy attached to the signed minutes.

By way of a supplementary question Mr Evans asked if the membership of the existing Health and Wellbeing Board in Shropshire could be expanded to include members from opposition parties and thereby ensure a stronger democratic legitimacy.

In response the Portfolio Holder confirmed that a peer challenge was taking place in January 2015 and as part of that the strategy and membership would be reviewed. Mrs Calder also pointed out that the Health and Wellbeing Board was unlike any other committee of the Council. It brought together stakeholder groups and was not at all political. She questioned what benefit additional members would bring to the Board and offered to discuss the matter further with Mr Evans after the meeting.

- (iii) Received from Mr A Boddington and answered by Mrs C Wild the Portfolio Holder for Highways and Transport in relation to the 701 and 722 bus services in Ludlow – copy attached to the signed minutes.

By way of a supplementary question Mr Boddington asked if there was capacity in the budget to subsidise a third bus in Ludlow to ease the Park and Ride problems in the town.

In response, the Portfolio Holder said that Ludlow now had a good hourly bus service. Maybe some stops needed refinement, but on the whole the service was good. What Mr Boddington was requesting was not for discussion at Council and was something that needed to be considered more globally.

- (iv) Received from Mr M Kenny and answered by Mrs C Wild the Portfolio Holder for Highways and Transport in relation to the backlog of repairs on highways, footpaths and cycleways – copy attached to the signed minutes.

By way of a supplementary question Mr Kenny asked what was meant by 'no significant backlog' and what were the likely efficiencies across the service.

In response the Portfolio Holder confirmed that she would pick up these issues with Mr Kenny after the meeting.

- (v) Received from Mr R Evans and answered by Mr M Bennett the Chairman of the Performance Management Scrutiny Committee in relation to the setting up of a non-executive Member Group for a regular scrutiny session, as agreed by Council in April 2013 – copy attached to the signed minutes.

By way of a supplementary question Mr Evans asked if a meeting of the non-executive Member Group could be set up in Autumn 2014.

In response the Portfolio Holder replied that he was not prepared to arrange a meeting to bring a large number of members in to the Shirehall for an unstructured discussion. There were a number of ways in which concerns could be raised including at the Scrutiny Chairs meeting, but nothing had thus far been raised. Meetings were about outcomes and making a difference. The culture of the Council was changing; looking ahead, he very much hoped that scrutiny would get involved in the forthcoming service re-design and review.

- (vi) Received from Mrs H Kidd and answered by Mrs A Hartley the Portfolio Holder for Children's Services in relation to the rates charged for support visits to pre-schools, especially around OFSTED and if there were any exemptions for pre-schools, many of whom were struggling with numbers and funding – copy attached to the signed minutes.

There was no supplementary question.

23 REPORT TO COUNCIL PROVIDING INFORMATION ON HYDROCARBON GAS EXPLORATION IN SHROPSHIRE

The Speaker referred to Part 4 of the Council's Procedure Rules. Paragraph 14.1 (iv) which stated that when matters were raised that related to items on the agenda, the Speaker may decide to defer a public question until that item was reached and take it before the Councillors started their debate. A public question had been received from Mr Chris Hesketh relating to this particular agenda item and therefore the Speaker informed Members that he would take the public question at this point.

A public question was received from Mr Hesketh in relation to Coal Bed Methane (CBM) and shale gas prospects, which was answered by Mr M Price, Portfolio Holder for Planning, Housing and Commissioning (Central) – a copy of the question and answer is attached to the signed minutes.

By way of a supplementary question Mr Hesketh asked that if a drilling company believed that they had evidence that the BSG missed and thus they actually believed that extraction would work, that they provide that evidence up front. Otherwise a test drill application could be approved despite there being no national interest relating to gas extraction. Having a test drill involved a significant impact on the local community as well as creating plenty of pollution.

In response the Portfolio Holder said that he was not an expert on this matter and referred to the information report on hydrocarbon gas exploration in Shropshire which was factual. He also reminded that the Council was not the only organisation involved in the process; there was a regulatory regime already in place to deal with such applications.

In response to a request for this matter to be referred to scrutiny it was clarified that this was not an option and would be inappropriate; any potential applications would go through the formal planning process.

In conclusion it was agreed that any more information on the subject matter should be obtained and circulated to all Members so that they could be informed as far as possible on what was a very important issue.

It was proposed by Mr K Barrow and seconded by Mr S Davenport that the report by the Head of Economic Growth and Prosperity, a copy of which is attached to the signed minutes, be received and agreed.

RESOLVED: That the report on background information in relation to any proposals concerning hydrocarbon gas exploration and development in Shropshire be noted.

24 **PORTFOLIO HOLDER REPORT FOR HIGHWAYS AND TRANSPORT COMMISSIONING**

Mrs C Wild presented her report, a copy of which is attached to the signed minutes, on undertaking her responsibilities as Portfolio Holder for Highways and Transport and invited questions from Members.

Mrs Wild amplified her report and responded to questions, queries and concerns raised by Members, including Mrs Barnes, Mrs Barrow, Mr Evans, Dr Jones, Mr Mosley, Mrs Motley, Mrs Parry, Mrs Shington and Mrs Woodward.

RESOLVED: That the contents of the report by the Portfolio Holder for Highways and Transport be received.

25 **ANNUAL REPORT OF THE ENVIRONMENT AND SERVICES SCRUTINY COMMITTEE 2013/14**

Mr V Hunt presented a report, a copy of which is attached to the signed minutes, which gave an overview of the work of the Environment and Services Scrutiny Committee during 2013-14, the plans for the forthcoming year and its achievements in providing positive outcomes for local people.

RESOLVED: That the contents of the Annual Report of the Environment and Services Scrutiny Committee be received.

26 REPORT OF THE PORTFOLIO HOLDER FOR BUILT ENVIRONMENT, STRATEGIC PLANNING, PLANNING, HOUSING AND LOCAL COMMISSIONER (CENTRAL)

Mr M Price presented his report, a copy of which is attached to the signed minutes, on undertaking his responsibilities as Portfolio Holder for Built Environment: Strategic Planning, Planning, Housing and Local Commissioner (Central) and invited questions from Members.

Mr Price amplified his report and responded to the questions, queries and concerns raised by Members including Mr Barker, Mrs Barnes, Mr Barrow, Mrs Fraser, Mr Hunt, Mrs Parry, Mrs Motley, Mr Tindall, and Mr Turner.

RESOLVED: That the contents of the report by the Portfolio Holder for Built Environment, Strategic Planning, Planning and Local Commissioner (Central) be received.

27 REPORT OF THE PORTFOLIO HOLDER FOR BUSINESS GROWTH. IP&E AND COMMISSIONING (NORTH)

Mr S Charmley presented his report, a copy of which is attached to the signed minutes, on undertaking his responsibilities as Portfolio Holder for Business Growth, ip&e and Commissioning (North) and invited questions from Members.

Mr Charmley amplified his report and responded to the questions, queries and concerns raised by Members including Mr Bannerman, Mrs Barnes, Mr Cherrington, Mrs Fraser, Mr Mosley, Mrs Parry and Mrs Shingleton.

Mrs Woodward, as Deputy Portfolio Holder, answered specific questions on the Shrewsbury and Museum Art Gallery and said that if anyone wanted to know more on this issue, to please contact her following the meeting.

RESOLVED: That the contents of the report by the Portfolio Holder for Business Growth, ip&e and Commissioning (North) be received.

28 ANNUAL REPORT OF THE ENTERPRISE AND GROWTH SCRUTINY COMMITTEE 2013/14

Mr S Davenport presented a report, a copy of which is attached to the signed minutes, which gave an overview of the work of the Enterprise and Growth Scrutiny Committee during 2013-14 and its plans for the forthcoming year.

RESOLVED: That the contents of the Annual Report of the Enterprise and Growth Scrutiny Committee be received.

29 PORTFOLIO HOLDER STATEMENT: PERFORMANCE 2013/14

Mr T Barker presented and amplified his report, a copy of which is attached to the signed minutes, on undertaking his responsibilities as Portfolio Holder for Performance - a new Portfolio that had developed during the year in recognition of having a clear understanding about the impact of the commissioning decisions arising from the comprehensive change programme. The report set out what had been achieved so far and the direction of change for the future.

RESOLVED: That the contents of the report by the Portfolio Holder for Performance be received.

30 PERFORMANCE MANAGEMENT SCRUTINY COMMITTEE STATEMENT

Mr M Bennett presented a report, a copy of which is attached to the signed minutes, which gave an overview of the work of the Performance Management Scrutiny Committee during 2013-14 and provided a view of development plans for 2014/15 including some of the current key work programme topics.

RESOLVED: That the contents of the Annual Report of the Performance Management Scrutiny Committee be received.

31 REVENUE OUTTURN 2013/14

It was proposed by the Leader, Mr K R Barrow, and seconded by Mr B Williams that the report, a copy of which is attached to the signed minutes and the recommendations contained therein, be received and agreed.

RESOLVED:

- a) That it be noted that the outturn for the revenue budget for 2013/14 was an underspend of £0.390m, which represented 0.06% of the original gross budget of £639m.
- b) That it be noted that the level of general balance stood at £14.497m, which was above the anticipated level included within the financial strategy.
- c) That it be noted that the level of school balances stood at £5.855m (2012/13 £4.953m).
- d) That it be noted that the outturn for the housing revenue account for 2013/14 was an underspend of £1.426m and the level of the housing revenue account reserve stood at £2.542m (2012/13 £1.041m).

32 CAPITAL OUTTURN 2013/14

It was proposed by the Leader, Mr K R Barrow, and seconded by Mrs C Wild that the report, a copy of which is attached to the signed minutes and the recommendations contained therein, be received and agreed.

RESOLVED:

- a) That the budget variations of £17,700 to the 2013/14 capital programme, detailed in Appendix 1/Table 1 and the re-profiled 2013/14 capital budget of £47.4m be approved.
- b) That the re-profiled capital budgets of £71.4m for 2014/15, including slippage of £6.6m from 2013/14, £13.7m for 2015/16 and £5.3m for 2016/17 as detailed in Appendix 1/Table 4 be approved.
- c) That the outturn expenditure set out in appendix 1 of £40.7m, representing 85.9% of the revised capital budget for 2013/14 be accepted.
- d) That the Highways & Transport programme of schemes for delivery in 2014/15 be approved and that authority be delegated to the Area Commissioner South in consultation with the Portfolio Holder to approve any changes to the implementation plan of schemes for delivery in 2014/15, within the parameters of the outline capital programme.
- e) That the setting aside of capital receipt of £1.35m to replace the self-financed prudential borrowing previously applied to finance the Solar PV schemes be approved. This will generate an ongoing revenue saving from 2014/15.
- f) That retaining a balance of capital receipts set aside of £13.25m as at 31st March 2014 to generate a Minimum Revenue Provision saving of £530,000 in 2014/15 be approved.

33 CHARGING POLICY

It was proposed by Mr K Barrow, and seconded by Mr T Barker, that the report, a copy of which is attached to the signed minutes, be received and agreed.

RESOLVED:

- a) That the Council Charging Policy as detailed in Appendix A be approved.
- b) That the proposed officer delegations as detailed below be approved:

*Where, in exceptional circumstances, it is necessary to amend fees and charges within a year from that agreed by full Council **and** any such amendments follow the principles set out in the approved charging policy, Directors in consultation with the appropriate Portfolio Holder for the service where fees and charges are being amended will have delegated authority to agree these changes subject to:*

Any changes to the levels of fees and charge including the introduction of new charges resulting in a budget adjustment must be approved in line with the Council's Virement rules (financial size).

34 ANNUAL ASSURANCE REPORT OF AUDIT COMMITTEE TO COUNCIL 2013/14

It was proposed by Mr B Williams and seconded by Mr M Wood that the report, a copy of which is attached to the signed minutes and the recommendations contained therein, be received and agreed.

RESOLVED: That the Annual Assurance Report for 2013/14 be approved.

35 SCRUTINY COMMITTEES - REVISED REMITS

It was proposed by Mr M Bennett, and seconded by Mr T Biggins, that the report, a copy of which is attached to the signed minutes be received and agreed.

RESOLVED: That the changes to the Scrutiny Committee remits as set out in the report, be endorsed.

36 A COMMISSIONING STRATEGY FOR SHROPSHIRE COUNCIL

It was proposed by Mr K R Barrow, and seconded by Mrs C Wild that the report, a copy of which is attached to the signed minutes, and the recommendations contained therein, be received and agreed.

RESOLVED:

- a) That the commissioning strategy 'Commissioning for the Future' be approved and adopted.
- b) That the update on the Procurement Strategy be approved.

37 MUCH WENLOCK NEIGHBOURHOOD PLAN: ADOPTION

It was proposed by Mr M Price, and seconded By Mr D Turner that the report, a copy of which is attached to the signed minutes, and the recommendations contained therein be received and agreed.

Mr Turner praised the officers and parish councils who were all involved in this excellent work.

RESOLVED: That Shropshire Council as the Local Planning Authority 'makes' i.e. adopts the Much Wenlock Neighbourhood Plan and brings it into force as part of the Development Plan for Shropshire.

38 SITE ALLOCATIONS AND MANAGEMENT OF DEVELOPMENT (SAMdev) PLAN: SUBMISSION

It was proposed by Mr M Price, and seconded by Mr R Tindall that the report, a copy of which is attached to the signed minutes, be received and agreed.

RESOLVED:

- a) That submission of the draft Plan (Appendices A & B) as a 'sound' document for formal submission to the Secretary of State for Examination be approved.
- b) That the submission of the supporting documents attached as Appendices C to G be endorsed, and that authority be delegated to the Head of Economic Growth and Prosperity in consultation with the Portfolio Holder for Planning, Housing and Commissioning (Central) to approve the final version of these supporting documents to take account of the need for any minor editorial corrections prior to submission.

39 UNIVERSITY COLLEGE SHREWSBURY - TOWARDS A UNIVERSITY OF SHROPSHIRE FOR SHROPSHIRE

It was proposed by the Leader, Mr K R Barrow, and seconded by Mr S Charmley that the report and the recommendations contained therein, a copy of which is attached to the signed minutes, and an Addendum, which was circulated at the meeting, be received and agreed.

RESOLVED:

- a) That the continuance of the work to establish a University in Shropshire as set out in the report be approved.
- b) That work to further investigate the potential Council owned sites detailed in section 8 of this report for their appropriateness as either university teaching, research or residential accommodation for students be authorised.
- c) That a project budget of up to £1,000,000 to be spent and financed as outlined in section 4 of this report with authority delegated to the Chief Executive to approve spend against this budget, in consultation with the Leader of the Council be approved.
- d) That a further paper to be brought back to Council in September 2014, detailing the business case for the Council's involvement in the Project, preferred sites, estimated construction costs and timescales and proposed planning and legal arrangements in relation to their use, seeking appropriate financial approval.
- e) That authority be delegated to the Chief Executive to undertake further discussions and negotiations with the University of Chester to formalise, as

required, the future relationship with the University, subject to arrangements being brought back to Council for approval.

- f) That on-going discussions by University of Chester for funding to support the project, via the Higher Education Funding Council for England (HEFCE) be endorsed.

40 WEST MERCIA YOUTH JUSTICE PLAN 2014-15

It was proposed by Mr N Bardsley, and seconded by Mrs K Calder that the report, a copy of which is attached to the signed minutes, be received and agreed.

RESOLVED: That the Youth Justice Plan, as attached at Appendix A, be approved.

41 ADOPTION OF PART II OF THE LOCAL GOVERNMENT (MISCELLANEOUS PROVISIONS) ACT 1976

Proposed by Mr S Charmley and seconded by Mrs Woodward, that the report, a copy of which is attached to the signed minutes, be received and agreed.

RESOLVED: That the provisions of Part II of the Local Government (Miscellaneous Provisions) Act 1976 ('the 1976 Act') relating to hackney carriage and private hire vehicles shall apply to the Council's administrative area and that in accordance with Section 45 of the 1976 Act public notice be given of the Council's intention, at its meeting on 25 September 2014, to pass a resolution that Part II of the 1976 Act continues to be implemented within the area of Shropshire Council with effect from 27 October 2014 and that the Head of Public Protection is authorised and instructed to publish the public notices in the Shropshire Star newspaper and serve a copy of the notice on all parish and community councils within the Shropshire Council administrative area in accordance with the provisions of Section 45 of the 1976 Act.

42 ALLOCATION OF COMMITTEE SEATS AND APPOINTMENTS

It was proposed by Mr K Barrow and seconded by Mr M Pate that the report by the Head of Legal and Democratic Services, a copy of which is attached to the signed minutes, and the recommendations contained therein, be received and agreed.

In addition to this it was further proposed by Mr R Evans and seconded by Mr M Kenny that Strategic Licensing Committee's two Liberal Democrat members should be Councillors N Hartin and Mrs V Parry. Substitutes would be Mr A Bannerman and Mr R Huffer and this was also duly agreed.

RESOLVED: That the Council confirms the revised allocation of seats to each of the political groups for the 2014/15 municipal year and the changes which were consequential on the result, namely:

- a) That the composition and revised allocation of seats on its committees and other bodies as detailed in the report be approved.
- b) That Councillor D Tremellen be appointed to the Performance Management Scrutiny Committee.
- c) That Councillor P Cherrington be appointed as substitute member for Councillor D Tremellen on the Performance Management Scrutiny Committee.
- d) That Councillor P Wynn be appointed to the Shropshire and Wrekin Combined Fire Authority in place of Councillor P Cherrington.
- e) That it be noted that Councillor K Turley has been appointed as substitute for the Independent Group on the Area Planning Committee – South in place of Councillor D Tremellen.
- f) That Cllr N Hartin and Mrs V Parry be appointed as the Liberal Democratic members on the Strategic Licensing Committee and that Substitutes would be Councillors A Bannerman and R Huffer.

43 REPORT OF THE SHROPSHIRE AND WREKIN FIRE AND RESCUE AUTHORITY

It was proposed by Mr S West and seconded by Mr J Hurst-Knight that the report of the Shropshire and Wrekin Fire and Rescue Authority, a copy of which is attached to the signed minutes, be received and noted.

RESOLVED: That subject to the foregoing the report of the Shropshire and Wrekin Fire and Rescue Authority be noted.

Signed (Chairman)

Date:

MEMBERS' QUESTIONS

AGENDA ITEM 6

QUESTION 1

MR MILES KENNY will ask the following question:

When it comes to awarding the catering contract for the café/restaurant and bar at Theatre Severn could you ensure that, in accordance with council policy Fairtrade Produce is offered and also where appropriate local produce is served thereby reducing food miles in accordance with our carbon reduction plans and supporting local producers.

MR GWILYM BUTLER, the Portfolio Holder for Leisure, Libraries and Culture will reply:

Discussions on the future management arrangements for the café/restaurant at Theatre Severn are still at an early stage and, to clarify, it is not currently proposed to include the bar function in the contract.

Including a clause in the contract for the café/restaurant supporting the sale of Fairtrade products as a minimum requirement will be considered as part of the overall procurement process. We will also ensure that, as part of their expressions of interest, any potential contractors supply a statement explaining their approach to using local produce and local suppliers.

However, any such requirements must be balanced against the need to ensure that contract requirements do not prove too restrictive to any prospective business partners. Having the widest field of possible businesses interested in the project, will be of considerable advantage in securing the best possible result for Theatre Severn, and for Shropshire Council.

QUESTION 2

MR MILES KENNY will ask the following question:

It was very disappointing that we were not permitted to debate 'Fracking' at the last Council meeting. We should in Shropshire aim to develop clean renewable energy and reduce our reliance on fossil fuels which are so damaging and threaten peoples quality of life. Central Government continues to make decisions which impact on and curtail our ability to act in the best interests of the residents we represent and what they expect of us. If Cheshire East Council can make their area Frack Free why can't we?

MR MALCOLM PRICE the Portfolio Holder for Planning, Housing and Commissioning (Central) will reply:

Shropshire Council is obliged to pursue a planning policy approach which is consistent with national energy policy and the National Planning Policy Framework (NPPF) which advises in Paragraph 97 that:

“To help increase the use and supply of renewable and low carbon energy, local planning authorities should recognise the responsibility on all communities to contribute to energy generation from renewable or low carbon sources. They should:

- have a positive strategy to promote energy from renewable and low carbon sources;
- design their policies to maximise renewable and low carbon energy development while ensuring that adverse impacts are addressed satisfactorily, including cumulative landscape and visual impacts;
- consider identifying suitable areas for renewable and low carbon energy sources, and supporting infrastructure, where this would help secure the development of such sources;
- support community-led initiatives for renewable and low carbon energy, including developments outside such areas being taken forward through neighbourhood planning; and, identify opportunities where development can draw its energy supply from decentralised, renewable or low carbon energy supply systems and for co-locating potential heat customers and suppliers”

Policy CS8 of the adopted Shropshire Core Strategy sets out an approach which positively encourages “...infrastructure, where this has no significant adverse impact on recognised environmental assets, that mitigates and adapts to climate change, including decentralised, low carbon and renewable energy generation, and working closely with network providers to ensure provision of necessary energy distribution networks.”

This approach is developed further in Policy MD8 of SAMDev which indicates that: “Applications for new strategic energy.....infrastructure will be supported in order to help deliver national priorities and locally identified requirements, where its contribution to agreed objectives outweighs the potential for adverse impacts.” The Policy also sets out the potential adverse impacts to which particular attention will be paid.

National guidance (NPPF 142) also advises that: “Minerals are essential to support sustainable economic growth and our quality of life. It is therefore important that there is a sufficient supply of material to provide the infrastructure, buildings, energy and goods that the country needs. However, since minerals are a finite natural resource, and can only be worked where they are found, it is important to make best use of them to secure their long-term conservation.” In preparing Local Plans, local planning authorities

should therefore (NPPF 143): “identify and include policies for extraction of mineral resource of local and national importance in their area...”. Such resources are defined as including hydrocarbons such as oil and gas;

Accordingly, Policy CS20 of the Core Strategy indicates that environmentally acceptable proposals for the exploration, appraisal and production of hydrocarbon resources, including coalbed methane, will be supported as a contribution to meeting the requirements of national energy policy and SAMDev Policy MD17 indicates that: “Applications for mineral development will be supported where applicants can demonstrate that potential adverse impacts on the local community and Shropshire’s natural and historic environment can be satisfactorily controlled.”

National guidance (NPPF 147) also indicates that when planning for on-shore oil and gas development, including unconventional hydrocarbons (e.g. fracking), Mineral Planning Authorities should: “.....clearly distinguish between the three phases of development (exploration, appraisal and production) and address constraints on production and processing within areas that are licensed for oil and gas exploration or production;

Accordingly, SAMDev Policy MD17 indicates that: “Proposals for the working of unconventional hydrocarbons should clearly distinguish between exploration, appraisal and production phases and must demonstrate that they can satisfactorily address constraints on production and processing within areas that are licensed for oil and gas exploration or production. Particular consideration will be given to the need for comprehensive information and controls relevant to the protection of water resources.”

The government issues licences for hydrocarbon exploration nationally and those that affect Shropshire are illustrated on page 122 of the Core Strategy. The geology of most of Shropshire is unsuitable for fracking but areas in the vicinity of the county's historical coalfields may locally have suitable geology. The main region nationally which has been the subject of current exploration interest is the North West. The government removed a temporary ban on further test drilling last year. This together with a recent reappraisal of hydrocarbon reserves by the BGS has led to renewed interest in fracking nationally. However, there are no current planning applications or proposals for fracking in Shropshire at present. Planning permissions for exploration using a different hydrocarbon drilling process (coal bed methane) at a site near Whittington were approved within the past 5 years but were not implemented within the statutory timescale.

If applications for fracking are received at some future date in Shropshire they would be the subject of a comprehensive planning consultation and appraisal process and would be fully publicised at the time. Any such applications would need to demonstrate that all relevant planning and environment issues were capable of being fully addressed in accordance with relevant policies and guidance (including those highlighted above). Other organisations including the Environment Agency, DECC and the Health and Safety Executive would also need to issue consents under their respective regulatory regimes.

QUESTION 3

MR KEVIN PARDY will ask the following question:

Whilst Shropshire and Wrekin Fire Service are considering efficiency cuts that will result in the loss of jobs for services members how can it be justified that officers receive £140,000 plus expenses per year?

MR STUART WEST the Chairman of the Shropshire and Telford Fire and Rescue Authority will reply:

In September 2013 Shropshire Fire and Rescue Service reduced its Brigade Management Team from 4 to 3 as part of the Public Value reduction programme. This programme undertook to generate cost savings by using the natural retirement profile from 2010 onwards to reduce numbers to meet the budgetary pressure faced by the Service.

The Accounts and Audit (England) Regulations 2011, require Fire Authorities to publish remuneration for employees whose salary is £50,000 and above in their annual statement of accounts.

With regard to the pay rates of senior officers, local authorities are required to publish their annual pay policy statements in a form accessible for local scrutiny as prescribed in the Localism Act 2011. Statutory guidance was also issued on increasing transparency, in particular that full council (or a fire authority) should be given the opportunity to vote before large salary packages of £100,000 or more are offered in respect of new appointments.

This was most recently the case in Shropshire in 2013 when terms and conditions were approved prior to the recruitment of a new Chief Fire Officer.

The National Joint Council for Brigade Managers of Local Authority Fire and Rescue Services sets a minimum salary for Chief Fire Officers, which for a population size of up to 500,000 (population band 1) is £97,810. In addition, for population bands 1 and 2 minimum pay differentials must be applied between:

- An Area Manager and an Assistant Chief Fire Officer (12.5% plus duty supplement);
- An Assistant Chief Fire Officer and a Deputy Chief Fire Officer (7.5%); and
- A Deputy Chief Fire Officer and a Chief Fire Officer (22.5%).

Shropshire Fire and Rescue Service Brigade Manager pay rates are among the lowest in the country. In addition to a salary, and in accordance with the NJC agreement a vehicle is provided to enable them to attend incidents as they each participate in a 24/7 on-call rota. Each Brigade Manager is entitled to belong to the relevant pension scheme, that being either the Firefighters

Pension Scheme 1992, 2006, or the Local Government Pension Scheme, that being either the Firefighters Pension Scheme 1992, 2006, or the Local Government Pension Scheme, for which the employee and employer both make contribution at the rate defined by that scheme.

In addition and as required, a pay policy statement has now been in place for 3 years. It should be noted that the pay policy statement refers to the structure in place at the time of publication (i.e. April 2014) and the 2014/15 policy, approved by the full Fire Authority on 26 February 2014, is available at:

<http://www.shropshirefire.gov.uk/senior-officers-pay-policy-statement-2014-15>

QUESTION 4

MR ANDY BODDINGTON will ask the following question:

In February 2013, a major section of Ludlow's town walls collapsed beside the graveyard of St Laurence's church. Shropshire Council initially acted with alacrity with former Cabinet member Martin Taylor-Smith promising urgent action and funding. Since then nothing almost has happened – except that the security fencing has been vandalised, the temporary supports for the vulnerable areas of the wall are in a state of collapse, human bones have been carried away by dogs and officials argue over responsibility.

My questions to the Leader of Shropshire Council are:

- 1) Whether the letter he tweeted on 22 August represents the official view of Shropshire Council that Ludlow Town Council is responsible for the repair of the walls?
- 2) Why a task force was not set up to establish responsibility for the wall and to action its repairs?
- 3) What is the timescale for ensuring that this precious heritage asset is repaired and kept in good order?

MR KEITH BARROW will reply:

- 1) In response to the question tabled by Cllr Boddington in respect of Ludlow Town Walls, the Leader of the Council can confirm the current situation in respect of the wall:
 - Ever since the collapse of the wall in February 2013, the three separate issues of ownership, responsibility for maintenance and the responsibility to rebuild the wall have been investigated by the Council. At present, it is still very unclear where these responsibilities lie and so the Council is continuing to engage with the Parochial Church Council (PCC) and Ludlow Town Council in order to establish where responsibility lies.

- The issues currently being discussed with the PCC and Ludlow Town Council are as follows:

I. It is not clear whether the wall is a “Town Wall” i.e. it was there before the Church was built in the 13th century or whether it is a “Church Wall” – obviously the status of this is critical in establishing ownership/responsibility.

II. It would appear that the PCC transferred the maintenance of the Church Yard to the then Town Council in the 1930’s. There are Town Council minutes from this period and also subsequently which appear to corroborate this. There is also further evidence that the Town Council has been maintaining, at least in part, the Church Yard and the wall since this time.

III. It would appear that because of the above transfer to the Town Council in the 1930’s that the subsequent transfer of the Church Yard from the Town Council to Shropshire Council in August 2012 could be void.

IV. In addition to the questions regarding maintenance above, it is accepted that the ownership of the church yard and wall still remains with the PCC. However, it is still very unclear whether “maintaining” the church yard and wall extends to rebuilding the collapsed wall, as generally rebuilding works would be the responsibility of the owner, i.e. the PCC in this case.

- Given the facts set out above, it is apparent that the copy letter retweeted on the 22nd August is just part of the evidence being collated in order to establish where the various responsibilities lie.

- 2) Shropshire Council has been actively engaged from the outset in trying to find a solution to the collapsed section of the town wall. However, the wall and adjoining church yard are subject to different and overlapping pieces of civil and ecclesiastical legislation, with the consequence that resolving legal responsibility for repairing the wall and the steps that need to be undertaken to carry out the repairs are both highly complex matters. The Council appreciates that it is now over eighteen months since the collapse first occurred and fully understands the urgency of repairing the damage to this nationally important piece of our heritage. We recognise the importance of working in partnership with all of the interested parties and have been in dialogue with them. We also established an officer group under the leadership of the Area Commissioner South and comprising members from the Historic Environment, Risk Management, Legal Services and Finance teams who meet regularly to co-ordinate the Council’s approach. In addition, the Council’s engineers Mouchel are undertaking regular inspections of the collapsed section and the stabilisation works that were put in place to ensure the public safety is maintained.
- 3) Shropshire Council is clear that there are a number of steps that need to be undertaken to enable the wall to be repaired. These comprise initial site investigations for archaeological and structural engineering purposes, which will inform the design of the repairs scheme, the scope of

associated mitigation measures, and also help to establish the costs for the scheme. Once a scheme has been designed formal consent will be required from both English Heritage and the Diocese before repair works can commence, and liaison with these parties will therefore need to be maintained throughout. Given the complexity of these matters, the Council has therefore written to both the Parochial Church Council and Ludlow Town Council suggesting that we enter into mediation in order resolve matters relating to legal responsibilities.

QUESTION 5

MRS PAM MOSELEY will ask the following question:

Shropshire Council's legal costs arising from the Court of Appeal's decision that the authority had acted unlawfully in closing Hartley's Day Care Centre are in excess of £250,000. Does the Leader of the Council now regret not listening to the advice from service users, carers and others to consult fully with them over plans to close the centre? Does he feel that he was wrong in not accepting the offer of all-Party talks on the plans, and is he prepared to admit to the errors made by his administration, and also to apologise to those involved in the case, and to the Council Tax payers of Shropshire?

MR KEITH BARROW will reply:

Thank you for your question.

It is unfortunate that so much public money has had to be spent on this matter. We did attempt to resolve this matter without the need for such detailed legal actions and to avoid incurring such high costs but this was rejected by the complainants. I do not believe my decision regarding the offer of cross party talks wrong, I am always keen to hear positive and credible suggestions for alternatives to our changes but to date none has been forthcoming.

Clearly it is regrettable when individuals and their families become anxious about the changes that are happening, however these are changes that aim to deliver both the service improvements needed as well as supporting the need to make significant financial savings in all service areas.

This Council is undergoing a radical process of transformation modernising services, offering individuals greater choice and control over the services and support they receive. This is very evident in the work underway within adult social care and specifically in the offer surrounding Day Services. We are constantly getting feedback from people about the work we are doing in Adult Services and the resounding messages we get are that they support our approach. The positive changes people experienced is now becoming very much the norm not the exception.

QUESTION 6

MR ROGER EVANS will ask the following question:

I note according to information on the Internet, IP&E has filed Annual Accounts up to 31 March 2013. These showed a net worth of -£69,801, total long term liabilities of £90,011 and a negative return on Assets Ratio of -345.33%.

I also note that the next Accounts are not due until 31 December 2014.

Since the company's incorporation in May 2012 Council and the taxpayers of Shropshire have never received any report or updates on its progress. Since its incorporation in May 2012 there have been 12 Directors appointed, 8 of whom have now resigned. Of the 4 at present shown as being Directors only one is a member of the cabinet. It has even during its short existence had two different trading addresses.

Can Council be told who is at present Chairman of the Board, how often it meets and is it anticipated there are going to be many more changes in Directors?

I note also that at a recent Shropshire Council Audit Committee meeting the following statement was made

IP&E Limited is a trading company wholly owned by Shropshire Council. It has been established to provide public services on the council's behalf and will also be able to trade with other organisations. The company was incorporated on 30 May 2012.

IP&E Limited has been included within the accounts as a subsidiary under the requirements of IAS 27(Consolidated and Separate Financial Statements) by means of a line by line consolidation of the comprehensive Income and Expenditure Statement and the Balance Sheet. Figures have been consolidated based on the audited statement of accounts for 31st March 2014, however these have not yet been approved by the IP&E Board.

Elsewhere, it is stated under Notes to Group Accounts –

The operating income (£306,000) and expenditure (£329,000) of IP&E Limited has been included within Central Services to the Public.

The Council accounts referred are applicable for the financial year 2013/14. So are applicable to the 12 months ending 31st March 2014. They apparently show, despite all the promises made in 2012 when IP&E was originally formed, that during its second year of operation the public company continued to operate at a loss. We are now into its third year of trading.

Can the only cabinet member who is also a Director of IP&E Limited supply Council with answers to the following questions.

- What was the financial position of the company on 31st August, has it continued to trade at an overall loss. What is the projected financial position at the end of December 2014? Can this include how much in total of the £500,000 unsecured overdraft has been drawn down?
- How many employees it had on 31st August 2014 and how many full time equivalent employees it had on this same date.
- Has it employed any consultants and if so how many and how much in total was paid them in the year ending March 31st 2014. Are any consultants at present employed by IP&E.
- What interest rate is being charged and consequently how much interest has been accrued as being due?
- When, if at all, is it anticipated that Shropshire taxpayers can expect some financial return on its investment.
- When employees of Shropshire Council carry out duties for outside bodies a charge is made to that organisation commensurate with the expertise of that person. Is a similar type of charging regime being made to IP&E when it uses Council staff of whatever Grade.

MR STEVE CHARMLEY will reply:

The Chairman of ip&e ltd is Cllr Michael Wood. As per the strategic contract, all Leaders of the opposition groups are notified about appointments prior to the appointment. It is confusing as to why you are asking who the current Chair of ip&e ltd is when you were notified about the appointment of Cllr Wood. Both you and Cllr Mosely were notified the week of 27 January 2014 and did not object.

The Board meets formally on a monthly basis, although business of ip&e ltd is obviously conducted on a daily basis. The Directors are appointed to fulfil the business needs of ip&e, so will always ensure it has the appropriate Directors for its needs. It is usual for Boards to change Directors to reflect the current needs of the company, especially in the early days when a company is forming, changing and growing. This seem to be a ridiculous question to be asking given that you are actually involved in the process.

ip&e ltd related business has been to Cabinet on no less than 4 occasions during this financial year so far. You are in attendance at these meetings and always take part in the debate, yet seem committed to misleading the public into thinking that you have absolutely no knowledge or understanding of business that is transferred into ip&e.

All of ip&e ltd annual accounts are prepared and then audited, as is perfectly usual and normal practice within a limited company environment, to ensure that financial management is conducted correctly. Audited accounts are the main way public bodies and limited companies show accountability for managing their finances. Publishing audited accounts through Companies House is a fundamental feature of good governance.

As you well know, we are into ip&e Ltd's 3rd year of formation. The Strategic Contract between Shropshire Council and ip&e Ltd was only agreed by Cabinet on the 26th June 2013, at a meeting that you attended.

The first services to actually transfer into ip&e did not occur until August 2013, following extensive due diligence, when the councils Communications Team was considered and agreed for transfer. You are aware of this because it went to Cabinet on 26th June, 2013 for approval, you were at that Cabinet meeting where a very full, detailed paper was available and discussed, detailing the proposed service transfer.

This means that the operation of this service was conducted for only a partial financial year, August 2013 - March 2014. During this financial year though, this part of the business was able to reduce its contract cost to Shropshire Council by 35%, therefore delivering the service at a reduced cost to the taxpayer. You are fully aware that no other services transferred into ip&e Ltd during this time.

Given the short timescale within the 13/14 financial year that this team operated within ip&e Ltd they have been able to secure external contracts that has made this possible. The team and the people who work within ThreeSixty Communications are a credit to the Council (where they moved from), a credit to ip&e Ltd and a credit to Shropshire. They work tirelessly to the principles of ip&e and the public service ethos - that is to deliver great, efficient, effective service to its clients, delivering public profit where possible to support Shropshire.

To do this and deliver a 35% saving back to the Council within 7 months of operation is remarkable. These dedicated individuals whose employment is now in ip&e Ltd, the company you so easily want to knock, should be congratulated on their hard work and achievement.

ip&e conduct regular financial monitoring and have undertaken budget monitoring up to the end of Period 4 (July 14) which is conducted on behalf of ip&e Ltd Board and are in the process of completing Period 5. The position for the existing services within ip&e, although commercially sensitive, remains healthy, you have seen the detailed business plans and there seems to be no indication at all that these won't be delivered. As already stated and usual practice within business, auditing of the final accounts takes place after the end of the financial year and is published.

Cabinet agreed a loan facility to ip&e at the Full Council meeting held on 27 September 2012, which you attended. A loan facility of up to £500,000 was made available, of which £90,000 has been used, the remaining £410,000 remains unused. The loan is provided at PWLB (Public Works Loan Board) interest rate and is subject to usual interest payments.

The staff numbers for the services that have transferred are:

- ThreeSixty Communications - 12 FTE
- Business Redesign - 11FTE, there are also a team of secondees working with Business redesign.

Both services are currently undergoing further recruitment processes at this current time.

No consultants were employed by ip&e in 2013/14.

The model of operation is, where appropriate, to employ specialist associates to fulfil a client's specific contract requirement. One associate is currently employed to fulfil a specific client contract need. Associates are employed on fixed term contracts to enable a flexible workforce model to deliver specific client contract skills and needs. Associates costs are met as part of a client contract.

ip&e Ltd does not and has not employed any management consultants to provide advice to the company itself.

Interest is paid on the loan amount drawn down to date. The loan is PWLB rates as agreed at Full Council. An agreement is in place between the Council's Treasury Services and ip&e to make regular monthly re-payments commencing April 2015 of both capital and interest on the loan. This was agreed through Cabinet on Full Council on 27 September 2012, a meeting that you attended.

Shropshire taxpayers have already begun to see a financial return from ip&e Ltd. ThreeSixty Communications delivered a 35% saving on its 2013/14 contract value and is expected to continue to provide further savings as part of its existing forecasts. It is expected that forecasts outlined in Business Redesign's business plan that went to Cabinet on 12 March this year, in which you were in attendance, will be met. This will be published in the audited annual accounts, as detailed and agreed within the Strategic Contract.

Charges are made to ip&e for all Council staff engaged in working on ip&e activities, where this is conducted in replacement of their normal working duties under the term of their contract of employment or if staff were to be seconded into ip&e. The re-charge is based upon the individual grade and time spent.

QUESTION 7

MR ROGER EVANS will ask the following question:

I note that IP&E Trading was incorporated on 14 August 2014 and its first returns are due on 11 September 2014. Can a copy of this return when made be copied to Council.

I note this company has 6 Directors, only two of who are councillors. Four and therefore the majority are Council Officers. This company has now been trading for 12 months.

Can a Cabinet Member who is also a Director of IP&E (Trading) Limited supply Council with answers to the following questions:

- What was the financial position of the company on 31st August. How much of the £500,000 unsecured overdraft made available by Shropshire Council has been drawn down?
- How many employees it had on 31st August 2014, 12 months after being formed, and how many full time equivalent employees it had on this same date.
- Has it employed any consultants and if so how many and how much in total were paid them in the year ending March 31st 2014. Are any consultants at present employed by IP&E (Trading) Limited.
- What interest rate is being charged and consequently how much interest has been accrued as being due?
- When, if at all, is it anticipated that Shropshire taxpayers can expect some financial return on its investment.
- When employees of Shropshire Council carry out duties for outside bodies a charge is made to that organisation commensurate with the expertise of that person. Is a similar type of charging regime being made to IP&E (Trading) Limited when it uses Council staff of whatever Grade.

MR STEVE CHARMLEY will reply:

I note that IP&E Trading was incorporated on 14 August 2014 and its first returns are due on 11 September 2014. Can a copy of this return when made be copied to Council?

This is a very clear and transparent process. Annual returns are a statutory obligation required by Law, and are published by Companies House.

I note this company has 6 Directors, only two of who are councillors. Four and therefore the majority are Council Officers. This company has now been trading for 12 months.

ip&e Trading Ltd is a company wholly owned by Shropshire Council. It has been established to provide public services on the Councils behalf and will also be able to trade with other organisations. The company was incorporated on 30 May 2012.

As you are fully aware, a report went to Cabinet on 20 February 2013, detailing the formation of ip&e Trading Ltd, where a full description and explanation of the company was given - a meeting that you attended.

You are very well aware of this company and its purpose because this was detailed in the Cabinet paper that you read and commented upon. To indicate that you have no or little understanding of this company is disingenuous to the public of Shropshire.

Can a Cabinet Member who is also a Director of IP&E (Trading) Limited supply Council with answers to the following questions.

What was the financial position of the company on 31st August? How much of the £500,000 unsecured overdraft made available by Shropshire Council has been drawn down?

ip&e trading has not used a council loan facility.

How many employees it had on 31st August 2014, 12 months after being formed, and how many full time equivalent employees it had on this same date.

None.

Has it employed any consultants and if so how many and how much in total were paid them in the year ending March 31st 2014. Are any consultants at present employed by IP&E (Trading) Limited.

No.

What interest rate is being charged and consequently how much interest has been accrued as being due?

N/A.

When, if at all, is it anticipated that Shropshire taxpayers can expect some financial return on its investment.

There has so far been no 'investment' as you state, for our taxpayers to see a return on. The purpose of this company was clearly outlined in the Cabinet paper dated 20 February 2012 as you are aware. When the company starts to trade, any profit derived will be given directly back to Shropshire Council to invest back into Shropshire.

When employees of Shropshire Council carry out duties for outside bodies a charge is made to that organisation commensurate with the expertise of that person. Is a similar type of charging regime being made to IP&E (Trading) Limited when it uses Council staff of whatever Grade.

N/A although it would be the case if this happened.

QUESTION 8

MR MANSEL WILLIAMS will ask the following question:

What progress is being made regarding the redevelopment of the Riverside Centre? The Riverside Centre used to provide local, affordable food and general provision, the loss of which is a serious loss to great numbers of residents, especially the elderly, from across the town. In any future redevelopment will Council consider such loss to a large number of our residents who are suffering from the present situation? Can the

redevelopment of the bus station be included as a key objective in any future redevelopment of the Riverside/Ravens Meadow area?

MR STEVE CHARMLEY will reply:

UKCPT, the owners of the centres continue to focus on the replacement of tenants in the Darwin and Pride Hill centres lost during the recession. There have been a number of lettings that have achieved this objective such as Poundworld, HMV, Blue Inc and The Entertainer. Although many are flexible lettings there are tentative signs of an improvement in the retail occupier markets which is leading to greater engagement with certain tenants which has given the owners some confidence of attracting other well know tenants to the town in the future. In the meantime initiatives such as Meanwhile Uses have helped inject some new life into Riverside Mall with more community orientated “pop up” shops. However, current confidence in the market is still not considered sufficiently strong enough by the owners to render the proposed redevelopment viable and discussions are ongoing between the Council and the owners on a redesign of the proposal to include more mixed uses including food and beverage uses. The inclusion of the Car Park and the Bus Station has previously been considered, however, consideration of these in any future redesign would be dependent upon scheme viability.

QUESTION 9

MRS CHARLOTTE BARNES will ask the following question:

When will IP&E hold its AGM that has been promised on numerous occasions and could you also confirm that the AGM will be open to all Shropshire residents as the people of Shropshire are all shareholders in this company?

The response will follow.

QUESTION 10

MRS CHARLOTTE BARNES will ask the following question:

Land searches are an important contributor to keeping the economy growing and home owners moving. They are an essential part of moving house especially when a mortgage is required. Land searches are also an income for the Council. I have evidence to suggest Shropshire are one of the poorest when it comes to speed at carrying out these searches. With Shropshire Council these searches were often taking 6-8 weeks which is irritating to say the least when a house sale can often be turned around in 4 weeks. For information other councils usually take a maximum of 2 weeks and are often less than that. I have raised this issue with officers and was promised that more staff resources would be provided to deal with the back log that has

occurred relatively recently. There is concern that the backlog came about after the recent voluntary redundancy round.

So my question is now that extra staff resource has been given to this department what is the average land search time now? Could you also confirm the extra staff will remain working on land searches to prevent future back logs?

MR MALCOLM PRICE will reply:

Councillor Mrs Barnes has recently raised this question through the press at the end of August where I confirmed that Shropshire Council land charge service provides information in respect of land and property searches. The time taken to respond to searches depends on a number of factors including data quality, the time for specialist departments to provide relevant information and whether the search includes additional information requests that may take longer to process. Accordingly 72% of searches undertaken in Shropshire in 2013/14 financial year were processed within the nationally set 10 day target.

We have recently experienced a rise in the number of searches received due to increased activity in the property market beyond the capacity of the existing team leading to an increase in response times to about 28 days at its peak and have therefore allocated additional resource into that team to reduce the turnaround which is currently 15 days, not 6-8 weeks as indicated by Councillor Mrs Barnes.

QUESTION 11

MR ANDY BODDINGTON will ask the following question:

Planning is one of the drivers of Shropshire's future economy. Effective, efficient planning guarantees our county jobs and homes. Yet planning performance in the county is dropping.

It is welcome that major applications are currently processed in 13 weeks or an agreed time in line with government targets, keeping the county out of special measures. But performance on minor applications has collapsed. These are housing developments of 1-9 dwellings or under 0.5 hectares; or office, industrial or retail developments up to 999 sq m or under one hectare. These developments are the lifeblood of our county like ours that is full of small businesses and house-builders, especially in the south of the county.

Minor applications outnumber major applications by ten to one and are the major indicator of planning performance in the county. In the first quarter of 2010, 77% of minor planning applications made in Shropshire were decided within the government target of eight weeks, the same as the average national performance. In the first quarter of 2014, just 37% of minor planning

applications were processed in eight weeks, compared to a national performance of 68%.

My questions to the portfolio holder for built environment are:

- 1) What is the current average time taken to process a minor planning application in Shropshire?
- 2) Why has planning performance on minor applications collapsed?
- 3) What annual income does Shropshire Council receive from planning fees, including fees for pre-application advice?
- 4) How much does Shropshire Council spend annually on processing and deciding planning applications?
- 5) What plans are in place to improve performance on minor planning applications?

MR MALCOLM PRICE will reply:

I concur with Councillor Boddington's view that Planning is one of the drivers of the economy and growth. In Shropshire 95% of planning applications are ultimately approved. The National NI157 performance indicators prescribed 8 week deadlines for the determination of planning applications with a target of 80% of such applications to be considered in this timeframe. Speed of decision taking is one measure of performance but taken in isolation it is not a qualitative measure.

In Shropshire, for the first quarter of this year 39% of minor planning applications were determined in 8 weeks and the average determination time for minor planning applications is closer to 16 weeks. There are a number of reasons for this and it is not an indication alone of poor performance. The Government has moved away from NI157 figures as a measure of planning performance and has retained this as a reporting measure for major planning applications. National Planning Performance reporting has aligned to the Shropshire approach of agreeing time frames for determination with the applicant and 96% of planning applications in Shropshire are determined in a timeframe agreed in this way.

Shropshire has a planning income target of £1.762M which includes fees for pre application advice. Planning fee income is very much linked to activity in the development economy and has generally fluctuated since Local Government Reorganisation in 2009 with an average of £1.71M. Last year there was a sharp increase in fee income (60%) most of the rise due to a significant increase in major housing and renewable energy planning applications which attract proportionately higher application fees than other schemes.

The cost to the Council of providing the regulatory planning service is spread amongst a number of cost centres and departments which contribute to delivery including various consultees to the process and legal and democratic services and overheads. It is therefore difficult to put a precise figure on the

cost of processing planning applications without undertaking a detailed time assessment.

With regards to improving performance on minor planning applications, the Service is further refining business processes in order to increase capacity. The option of increasing staffing during periods of increased demand on a flexible basis is also being explored. This approach would be monitored closely and adjusted if demand declines.

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<u>Committee and Date</u> COUNCIL 25 th September 2014 10.00 am

<u>Item</u> 7 <u>Public</u>
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COUNCILLOR KAREN CALDER REPORT OF THE PORTFOLIO HOLDER FOR HEALTH

Contact details: Karen.calder@shropshire.gov.uk, tel.01743 253935

1. Background

As a result of the Health and Social Care Act 2012, the commissioning and delivery of public health services has changed. With the dissolution of Primary Care Trusts (PCT) many of the responsibilities for such services have passed to Local Government. This paper provides a summary of how Shropshire Council has taken on these new responsibilities.

2. Introduction

Shropshire's health profile fares well for life expectancy and the national public health indicators when compared to the regional and national data. The Department of Health's 'Longer Lives' database shows Shropshire ranked amongst the best performing local authorities in terms of reducing the levels of premature deaths from conditions such as Cancer and Cardiovascular Disease. Indeed Shropshire was last rated 36th out of 150 when assessed against all causes of premature deaths last year. It is now rated 33rd. We have also seen an improvement in our performance on related premature deaths from cancer to 32nd out of 150 local authorities compared to 53rd out of 150 last year. As highlighted in the portfolio holder's report last year, Shropshire's good performance is against the backdrop of one of the lowest public health grants in the country.

3. Health Profiles

The Local Authority Health Profiles are produced annually by Public Health England and bring together a number of outcome measures that highlight issues in the population's health. Overall, Shropshire is a healthy county and performs well on several health outcomes, some of the areas where Shropshire was better than the national average include:

Premature mortality from CVD and cancer

- Life expectancy at birth
- Smoking related deaths
- Hip fractures in people over 65 years
- Acute sexually transmitted diseases

There was only one indicator in the health profile where Shropshire performed significantly worse than the national average, which was the suicide rate.

Although performance on the other indicators was either better or similar to the national average there is room for improvement on some of the indicators, for example:

- Physical activity in adults
- Obesity and excess weight in both adults and children

Although Shropshire has similar a profile compared to the national figures for these indicators they have a large impact on the population overall as they affect large numbers of people. They also contribute to future ill-health therefore to prevent people from being affected by long term conditions in the future it is important to tackle obesity and low levels of physical activity.

4. Health & Wellbeing Board (HWB) & Better Care Fund (BCF)

The HWBB is embracing the Better Care Fund as a catalyst for integration across the health economy and as an impetus for refreshing the Health and Wellbeing Strategy. This refresh will include the JSNA, the Terms of Reference of the Health and Wellbeing Board (including membership), the development of a Communication and Engagement Strategy, and a Peer Review. We will be working closely with all of our stakeholders through these processes through the autumn and spring periods. At the end of July 2014 new and more detailed Better Care Fund guidance was published with significant changes and updates and a request for all local areas to resubmit their plans by mid-September 2014. For more information see the letter from Andrew Ridley and the new Better Care Fund guidance.

The Shropshire Better Care Fund submission will come to the HWBB for decision on the 11th September 2014. Papers will be available no earlier than the 10th September.

HWBB Prevention Group

The prevention of avoidable disease is a key priority for the Health and Wellbeing Board. Currently, around two thirds of people in Shropshire who die below the age of 75 years do so from preventable causes. A prevention group has been established, reporting to the Health and Wellbeing Board, to take forwards preventive work across the health economy and feed into the Better Care Fund. The first programme underway is a whole system review aimed at preventing falls and fragility fractures.

5. Budget

Shropshire's public health grant is £9.8m which represents a per capita allocation of £32 compared to Westminster's allocation of £133 for each of its residents and a grant of £31.2m. Shropshire Council continues to lobby the Department of Health and Public Health England for a fairer funding allocation which reflects the challenge of commissioning accessible services for our rural population. Public Health England is due to announce the allocations for 2015-16 at the end of September and has advised that as the Local Authority is still below its target allocation it should receive a small uplift in its grant. However this uplift is unlikely to bring Shropshire up to the national average of £51 per head of population. The Department of Health is currently reviewing the funding formula for future grants.

6. Rural Health Inequalities

Following lobbying from Shropshire Council, Public Health England has acknowledged the need for a great emphasis to be given to identifying and addressing the needs of rural communities. Its Chief Executive Duncan Selbie has asked the Regional Director of Public Health for the Midlands and East of England

to commence a review of the public health challenges facing rural local authorities, and Shropshire is one of the four areas chosen to lead this piece of work. An initial report will be presented to the Board of Public Health England when it meets in November 2014. Councillor Cecilia Motley, Shropshire Council's Rural Affairs spokesperson has been invited to participate in this Board meeting.

7. Help2Change and ip&e

Behaviour change support services in Shropshire include the NHS Health Check, Help2Quit stop smoking services, Help2Slim weight management services, Active4Health physical activity programmes and alcohol brief advice. Plans have been approved by Cabinet to expand and enhance these services in future by integrating them into a new Help2Change service delivered through the Council's wholly-owned provider ip&e (Inspiring Partnerships and Enterprise).

By bringing these services together, the Public Health team will be able to offer clients a more holistic and joined up service. Also, by having a delivery model that supports external trading, Help2Change will be able to attract inward investment which can be used to grow services and promote the health and wellbeing of Shropshire residents.

Help2Change will provide a single point of access to services, and make them more accessible by providing services in a range of local settings, including provision 'out of office hours'. Partnerships are being established with GPs, pharmacists, Shropdoc 'out of hours' service, hospitals, community NHS trusts, voluntary and community groups to ensure that the services are fully integrated with other services locally and build social value.

8. Substance Misuse

The Drug and Alcohol Team (DAAT), on behalf of the Safer Stronger Communities Board, is reviewing the current commissioning arrangements with the aim to develop an innovative recovery orientated treatment system in Shropshire. As part of this process the DAAT has recently undertaken taking a soft market test to scope the interest of the market to provide services within Shropshire, the proposed models of delivery and the capacity of the market.

9. Screening & Immunisation

Following the transfer of public health commissioning responsibilities to local authorities, screening and immunisation programmes are now commissioned by NHS England. Local authorities have a responsibility of supporting, reviewing and challenging delivery of these programmes. This responsibility is discharged through a health protection quality assurance group. The uptake of childhood and seasonal flu immunisation programmes is higher than national and regional averages. Though the coverage is consistently high, the uptake rates vary among different areas. Public Health is working with NHS England to address through working with local health economy partners. Over the last 12 months, the introduction of new immunisation programmes (Rotavirus, Shingles) and extension of seasonal flu vaccination programme to children aged 2 and 3 years have gone smoothly. Changes to immunisation programme over next 12 months include:

- Extension of seasonal flu immunisation programme to children aged 4 years
- Pilot flu immunisation programme for school years 7 and 8 (delivered in schools)
- School leaver booster and Adolescent Meningitis C vaccine to be delivered in schools

Shropshire Breast Screening Programme has recently extended the age range for screening, as per national guidance, and the programme now includes all eligible women aged between 47 and 73 registered with a GP practice within Shropshire and Telford.

Teenage pregnancy rates continue to remain lower than national and regional rates. Public Health has embarked on undertaking a health needs assessment for sexual health services for Shropshire.

10. Obesity

National Social Marketing Insights

In 2013/14, Public Health commissioned two comprehensive pieces of social marketing research relating to Healthy Weight, Food & Health and Healthy diet and prevention of obesity in pregnancy and early years (0-5 years) in Shropshire County. The insights generated are being used to inform and support the development of Shropshire County's forthcoming Healthy Weight Strategy and provision of local weight management services for children and adults.

- Young People's Scrutiny Committee (Task & Finish Group on child obesity)
The work of the Task & Finish group, which is supported by Public Health, is focusing on pregnancy and early years in recognition of the importance of this critical life stage in preventing child obesity.
- National Child Measurement Programme (NCMP)
The NCMP in schools provides Shropshire Council with robust surveillance data on child weight status. In Shropshire, 8% of children entering Reception Year (age 4-5 years) are obese and this figure rises to 19% by the time they leave primary school (Year 6) age 10-11 years. Whilst these figures are in line with the national picture, they nevertheless indicate that child obesity is a significant issue in Shropshire.
- Weight management services
Within the development of Help2Change, current child and adult weight management service provision in Shropshire will be expanded to include a local Maternal Weight Management Service. This will fulfil a current gap in service provision and will support obese pregnant women to minimise excessive weight gain during pregnancy.

Public Health is working closely with CCG colleagues to develop a fully integrated adult obesity care pathway (Tiers 2-4). A subgroup of the Health & Wellbeing Board Prevention Group is being established to inform the development of the pathway, including the provision of a local Tier 3 weight management service for adults with severe or complex obesity.

11. Children & Young People

In April 2014, the Public Health Department took on responsibility for taking forward the Healthy Child Programme and TaMHs (Targeted Mental Health Services for children and young people). Staff previously working within the Health Development Team now make up the Public Health Children & Young People's Team.

Work is underway to produce a strategy and action plan, which will contribute to the priorities of The Children's Trust and The Health & Wellbeing Board, for internal discussion and with key partners.

Encouraging young people to engage with health services has been developed through the You're Welcome initiative, led by Val Cross who is also Project Officer for working with pharmacies on the Condom Distribution scheme.

12. School Nursing Services

The responsibility for commissioning of School Nursing services, including the national child measurement programme, was transferred from Primary Care Trusts to Public Health Departments within each local authority, effective from 1st April 2013. In Shropshire it was agreed that the contract for school nursing should be extended for an interim period, whilst we undertook a major review of the service and the Council's future responsibilities for commissioning health visiting services and the redesign of Early Help services.

This extensive process was effective in engendering a shared vision across the local health economy. It was welcomed by the school nurses because it offered a real opportunity to analyse their work, their workloads, processes and systems and also to showcase some best practice. Schools and pupils participated well, with over 1,000 pupil responses and 167 responses from teaching staff and provided useful feedback.

The shared vision has been formalised as recommendations and the school nursing service has developed an action plan to take these forward. They have also identified 3 key areas to pilot as a new approach:

- Increase in LAC/ not in mainstream education capacity
- Providing a community drop in
- Offering a comprehensive school entry medical including NCMP (the national child measurement programme)

13. Health Visiting Services

From 1st October 2015, the commissioning responsibility for HV services will transfer from NHS England to Public Health Departments within local authorities – the budget for this has not yet been identified but councils are due to be notified in December 2014. Novation arrangements are about to be set. During the last year, work has been ongoing with NHS England to ensure the smooth transfer of arrangements and commissioning responsibilities. Public Health staff have also been working closely with the Community Trust to ensure a shared understanding of workforce plans, services, processes and relationships with

other services particularly Children's Centres, School Nurses and maternity services.

The service must be available in convenient local settings, including Children's Centres, GP practices and health centres, as well as through home visits. In addition to this, Shropshire will be provided with extra recurrent funding for establishing **Family Nurse Partnership (FNP)** nurses who will work with first time parents under the age of 20 and provide support during the first 2 years after the birth. 4 WTE nurses plus a supervisor will be in post by October 2014 and be based at Crowmoor, as the majority of teenage mothers are in the Shrewsbury area. However, it is recognised that there are teenage parents across the county and we will monitor to see whether additional FNP staff may be required elsewhere.

14. Children's Emotional Health and Wellbeing: Think Good Feel Good (previously called TaMHS)

The core aim of the 'Think Good Feel Good' programme is to develop a whole school approach on emotional health and well-being through the delivery of an evidence based training programme across all Shropshire schools. There are 130 primary schools, 20 secondary schools, 2 special schools and Tuition Medical Behaviour and Support Service units (TMBSS). To date the programme has been aimed at school age children 5-16 years as well as their families and the whole range of school based staff. All of the training programmes that are delivered are evidence based, either nationally or internationally.

A PHSE curriculum resource is also being developed and further work on the analysis of data is being done with colleagues from public health and local schools on the data within schools. There are also future plans for the evaluation of the model and rigorous collection and analysis of data. From April 2013 the programme extended its reach to cover 0-19 year olds with a renewed vision for the future based on a sustainable model. Work has started with FE colleges to identify what training can be implemented. Plans are also underway to work more closely with the Health Champions and to train them on Emotional Health and Wellbeing as this has been identified as one of their main priorities for 2014

15. Self-Harm

Adopting a self-harm pathway, producing guidance and a risk assessment framework was identified as a need following a reported increase in the prevalence of self-harm across the county. It was identified that there are currently no standardised guidelines to support practice in managing the needs of these young people, and inconsistencies in confidentiality and approaches to support were found. The self-harm pathway was developed in consultation with parents and young people who self-harm: evidence tells us that young people seek support from their peers before family members or professionals. The information, advice and guidance leaflets were seen as particularly valuable for young people who are supporting their friends who self-harm. The feedback has ensured the information reflects what they say would be helpful to know and has in the process, increased practitioners' understanding of what their thoughts and needs are.

A self-harm toolkit and training package has been developed through an Early Help Advisory Group – this covers three key elements:

- Information to dispel the myths on self-harm
- Information for parents
- A risk assessment tool for school staff for referrals - schools do not have to do a separate EHAF.

A self-harm, peer support, targeted intervention 10 week programme 'Signature Strengths' has been developed. Professionals and school staff are being trained to deliver the programme at Tier 2 level, to prevent needs escalating and requiring support from Tier 3 specialist services. In addition an Emotional and Mental Health PHSE curriculum resource is in development from KS1- KS4; whole class lesson plans will include helpful and unhelpful coping strategies and self-harm will be included within this.

This work has been endorsed through the Safeguarding Board and with the advisory sub group consisting of local head-teachers. The training programme is being trialled at the moment with schools and will continue to be rolled out across the next six months. The package has been developed by a primary mental health worker with guidance and input from the advisory group. Three briefing sessions took place for multi-agency staff. Information on the self-harm pathway can be found on the LSCB website.

16. Key Challenges

The NHS's review of hospital and community services within the county, known as 'Future Fit' is under way. The location and configuration of urgent medical care services such as Stroke and Accident/Emergency Care is being considered. Council Officers and members are engaging actively in the review and its working groups. The outcome of the review and the consultation will be completed after the general election in 2015. A linked issue is the future location of the Walk In Centre and its proposed move from Monkmoor to the Royal Shrewsbury Hospital. As the Centre is intended to provide support to all of Shropshire's residents the clinical benefits of siting the service alongside the Accident/Emergency Department are clear, however concerns have been expressed regarding the access to the new service and the potential impact on the community in and around Monkmoor.

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<u>Committee and Date</u> Council 25 th September 2014 10.00 am

<u>Item</u> 8 <u>Public</u>
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COUNCILLOR LEE CHAPMAN PORTFOLIO HOLDER REPORT FOR ADULT SOCIAL CARE

Contact details: Cllr Lee Chapman – Portfolio Holder for Adult Social Care
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1. Introduction

To respond to the challenges of increasing demand for support, raised aspirations and expectations of citizens, significant reductions to public spend, and to continue to deliver high quality support to those in need, it has been recognised that the approach to the provision of Adult Social Care (ASC) in Shropshire needed to change.

The specific purpose of Social Care is to enable people to live independently and well for as long as possible, by maximising people's individual resilience and ability to meet their own needs, and to continue to support and develop contributions that communities can make to support the people living within them.

Following a fundamental review of Adult Social Care, a system wide transformation plan was created; designed to reduce costs, improve outcomes and create a sustainable, locality based solution to support Shropshire's most vulnerable residents.

1.1 Specific responsibilities

The portfolio holder's responsibility within ASC has been to provide political leadership to the directorate's management team and in relation to the implementation of the transformation plan, to have specific oversight of the following key activities:

2. Key Developments in the last 12 months – The New Operating Model (NOM)

The ASC new operating model has created a pathway that essentially allows the service user/family carer to receive information and advice upfront so that they can make informed decisions without having to go through the entire customer pathway to achieve the same goals. This

means that resources can be applied to those that require more in-depth support, more effectively. It is built on the following principles:

1. Reducing dependence upon paid support and enabling and maximising individual independence.
2. The service will be responsive with quick decision making at the closest possible point to the person.
3. Maximising the use of community resources and natural support and developing resilient communities.
4. The local service will be determined by what that local community needs in relation to advice and information and direct intervention from adult social care.
5. Facilitating key partnerships within local communities that maximise the use of natural support and universal services.
6. There is a focus on the use of volunteers and particularly those that have lived experience of using services.
7. The service will focus upon supporting and enabling carers to continue with this vital role whilst establishing and maximising the use of peer support.
8. Members of staff will play a key role alongside individuals who use the service in making decisions about how the service is delivered.
9. The service will work from a presumption of a mobile and flexibility operating within local areas.
10. Increasing the focus on professional standards and profile of social work to enable improved outcomes for individuals and give a sense of pride and ownership for the staff group.

The measures used to monitor, and manage performance across the 'system' as a whole are both quantitative and qualitative. Some use existing data and recording systems, some require the collection and analysis of 'new' data (ie information that has not been routinely collected to date) and others are based on the 'triangulation' of information that other organisations use in order to create a more detailed picture of activity and outcomes. The development of this model continues to be closely monitored by officers and also through a specific Scrutiny Committee sub group.

2.2 Supporting the development of People2People (Social Enterprise) – to deliver community based social work functions

People2People provides social work and occupational therapy services across Shropshire for older people and adults who have disabilities. They are a 'not for profit' organisation that has been in existence as a pilot scheme since January 2012. They work to enable people to live as independently as possible and for as long as possible as part of their communities, leading active and fulfilled lives. Their service is based on giving the right response, guidance and information to people at the right time and in the right way.

People2People work collaboratively with other organisations, charities and community groups in Shropshire, as well as providing access to

professional social workers and occupational therapists for those people who need more support. The majority of social work staff have now been seconded into People2People, and as the scheme becomes formally adopted, the challenge going forward will be to ensure that the model is sustainable and builds on the good practice and innovation demonstrated to date.

2.3 Adult Safeguarding, including revised DoLS requirements (Deprivation of Liberty Safeguards)

The Deprivation of Liberty Safeguards (DoLS) were introduced in April 2009. The work has continued to develop and strengthen the safeguarding arrangements within Shropshire. There has been excellent performance against the safeguarding measures and the development work is underway to strengthen the 'personalised approach' to safeguarding, improving the experiences of those who have been involved in a safeguarding case. These are essentially a way to keep someone in a hospital or in a care home when the person needs to receive care and treatment but they are unable to make this decision themselves.

The Supreme Court issued a decision in March 2014 on 3 cases (2 different people), that changed the face of Deprivation of Liberty Safeguards (DoLS) and it has significant implications for all local authorities as supervisory bodies. Fundamentally, many more people now require consideration through DoLS process.

Most Local Authorities in the West Midlands report having carried out their previous full year's number of assessments in the first 10 weeks of this year. Last full year Shropshire did 165 assessments and have received 566 requests so far in 2014/15.

There is a national task force which has been set up to consider the impact of the Supreme Court judgement, this group contains DoLS Leads from most regions in England and members from NHS England and CCG's. The MCA/DoLS Manager from Shropshire (a jointly funded post) has a lead role with this task force.

2.4 Compliance with quality requirements across commissioning and provision

The recommissioning of services has presented the opportunity to both evaluate the quality measures adopted by providers. Services have been recommissioned on the basis of both price and quality to ensure that the vulnerable people using services are protected from harm and that there is a cycle of continuous improvement in service delivery.

Quality measures are designed in to the recommissioning process by inclusion in the service specification, applying a weighting to the award criteria for quality, requesting references and undertaking credit checks, robust questioning supported by evidence and the involvement of service

users in developing interview questions for prospective providers on matters that are important to them. Throughout the process and in recommending the contract award the wider benefits to local communities, service users,, staff, stakeholders and the local economy are also considered.

Post contract award, services and contracts are monitored through visits, contract review meetings and feedback from users.

2.5 Ensuring the Council is prepared for the implementation of the Care Act in April 2015 and to support the administration of the Better Care Fund.

The Adult Social Care Bill will be effective from April 2015 onwards. This legislation is a significant change to Adult Social Care and has been compared to being similar to the introduction Community Care Act in 1990. The Care Bill will replace a number of different pieces of legislation with a single modern law and a new legal framework that will have the wellbeing of individuals at the centre of care and support services.

The Care and Support Bill which will be in two stages introduces wide ranging changes to Adult Social Care Services effective April 2015 and April 2016.

The Implementation of the Care Act in Shropshire is through a project management approach with 11 key work streams identified which address each of the areas of reform. The interdependency and relationships between the work streams is critical to successful implementation in Shropshire which will build on the current transformation work in adult services. A programme board which includes representation from Shropshire Clinical Commissioning Group provides the governance for this work.. Regular briefings are provided to Health over View and Scrutiny Committee and Member briefings are scheduled for October.

There is still a significant amount of work to be completed on the financial impact of the Care Act in Shropshire including assessing the impact of new burdens in relation to an increase in the number of assessments , to be undertaken, new rights and services for Carers and the changes to eligibility for local authority funded care and support. Implementation costs are also currently being modelled including the information technology requirements.

The Better Care Fund (BCF), previously known as the Integrated Transformation Fund is a cross cutting approach to the integration of health and social care services. Four key themes of Prevention, Early Intervention, Supporting People in Crisis and Supporting People to live independently for Longer are the focus of the Better Care Fund in Shropshire.

The Better Care Fund also includes some of the funding for the implementation of the Care Act.

2.6 Delivery of the projected budget reductions within ASC over the next 3 years.

The budget reductions and the reshaping of Adult Social Care is being delivered through a programme of managed work streams, detailed within the overall Transformation Plan. This activity is managed by a programme board, and dedicated fortnightly DMT meetings that include the portfolio holder. There are 56 individual work streams that collectively seek to deliver £25m of savings over the next three years.

2.7 Delivering the Transformation agenda for adult services including the Recommissioning of in-house services.

The Transformation agenda in adult services will support many more people to live independently without reliance of funded support within their local communities.

A critical element of this transformation is the Council becoming a commissioner of services and not a provider. The recommissioning programme in adult services is reducing the number of house provide services including those that are regulated by the Care Quality Commission.

During the year the provision of accommodation for adults with learning disabilities has been the focus of recommissioning activity and has included the transfer of the Community Living Service and Shared Lives to two new organisations which have developed new bases in Shropshire, provided new job opportunities and career progression opportunities for staff and developed the services to increase capacity.

New purpose built accommodation for adults with learning disabilities funded through external capital grants has also been commissioned with construction expected to be completed by spring 2015. The recommissioning of Kempfield, a learning disability hostel, is also under way as is the redevelopment of day opportunities for all adults.

Community based resources continue to develop as a result admissions to residential care are reducing.

The Integrated Care Service (ICS) and other developments with our CCG colleagues such as compassionate communities all contribute to helping people return home from hospital quicker and supporting people to live independently for longer in their own homes. Looking ahead further work on Ageing Well approach and resilient communities will also support this.

3. Challenges for 2015/16

From April 2015 there will be a number of changes to legislation and statute that will shape the way social care is delivered in the future. Our local transformation activity will continue throughout 2015 and beyond, including;

Working to further our Resilient Communities initiative, intended to make the best use of existing community resources and to facilitate the development of others, enabling people to live longer and more safely within their own communities.

We will continue to **manage demand** and influence positive **behaviour change** in order to apply our resources to best effect.

Our use of **assistive technologies** and **telecare** will increase as we seek to develop more innovative and appropriate support for people at home.

We recognise that the way we support people needs to change and we will seek to reduce reliance on **residential care** by working with providers to develop alternative models of support.

4. Conclusion

This has been both a challenging and rewarding period for adult services. It continues to develop positive options for some of our most vulnerable people in Shropshire but does so in a way that emphasises aspiration, collaboration and partnership.



Committee and Date
Council

25 September 2014

10.00 a.m.

Item

9

Public

**Councillor Gerald Dakin, Chairman
Health and Adult Social Care Scrutiny Committee**

ANNUAL REPORT OF THE HEALTH AND ADULT SOCIAL CARE SCRUTINY COMMITTEE 2013-2014

1.0 Summary

- 1.1 This is an overview of the work of the Health and Adult Social Care Scrutiny Committee and also covers the Joint Health Overview and Scrutiny Committee with Telford and Wrekin during 2013-14. It also outlines plans for the forthcoming year.
- 1.2 The Health and Adult Social Care Scrutiny Committee operated under the name 'Healthy Communities Scrutiny Committee' up to July 2013. It changed its name at that time, taking on the remit for Adult Social Care in recognition of social care and health services becoming ever more closely integrated and impacting on each other.

2.0 What have we done? – Health and Adult Social Care Scrutiny Committee

- 2.1 Since May 2013, the Committee has met formally 7 times. Members of the Committee have also met in smaller groups to consider the **Quality Accounts of the NHS Trusts** operating in Shropshire.
- 2.2 The Committee has responded to concerns raised regarding **Continuing Health Care Funding**. Over the course of two meetings the Committee explored issues around who is able to contribute to eligibility decisions, the apparent change in eligibility criteria in the context of an increasing elderly population but apparent reduction of successful applications. The Committee has asked for:
- development of an action plan to address areas of concern;
 - sight of quarterly returns on numbers of successful and unsuccessful applications; it also
 - intends to work with the Health and Wellbeing Board on opportunities the Better Care Fund can offer.

A further status report on Continuing Health Care will be presented to the Committee in the coming year.

- 2.3 The Committee considered a Call In with regard to **Day Service Reconfiguration** and considered a request to endorse a recommendation for a Commission to look at services to meet the needs of people in Shropshire. The Committee did not support setting aside the original decision or the establishment of a Commission but agreed that it would monitor service implementation and outcomes and hold the Portfolio Holder to account as necessary.
- 2.4 The Committee has questioned representatives from the **West Midlands Ambulance Service** on:
- the Make Ready System,
 - issues around the rural nature of the county
 - cross border agreements
 - lengthy ambulance response time
 - relatively high cost per call out; and
 - whether the Longden Road depot was being used inappropriately for emergency responses.

Members of the Committee are now circulated with response time performance data on a monthly basis.

- 2.5 The Committee considered the extent of the work being undertaken by the **Health and Well Being Board**, particularly in relation to its role in the Better Care Fund and Future fit Programme. A number of development sessions have been held between Chair of the Scrutiny Committee, Health and Wellbeing Board and Healthwatch to explore and define relationships and a Memorandum of Understanding had been drawn up and agreed.
- 2.6 The Committee carries out regular appraisals on the implications of **the Adult Social Care Bill** for the citizens of Shropshire and for Shropshire Council.
- 2.7 The Committee considered the findings of a self-assessment of Shropshire's developments against the **National Strategy for Autism**. The Committee was reassured that a diagnostic pathway had been agreed and was now in place and funded by the Clinical Commissioning Group. The Committee explored issues relating to the conclusion of the Independent Living Fund, availability of follow up advice after initial signposting and has requested future performance information on this area.
- 2.8 The Committee considered proposals put before it by Shropshire CCG regarding a proposed **re-location of the Monkmoor Walk-In Centre** to the site of Accident and Emergency at the Royal Shrewsbury Hospital. The Committee discussed concerns raised around access, parking costs, and disadvantage to those who currently lived in close proximity to the Walk In Centre. The Committee concluded that the clinical benefits would outweigh the disbenefits of the parking issues which could be addressed on a separate timescale. It resolved to support the CCG's proposals on the proviso that a commitment was made to address car parking issues with SATH.

3.0 What are We Planning To Do? Health and Adult Social Care Scrutiny Committee

3.1 Future work identified includes:

- **Future Fit** - the Committee will receive the options for the locations for the Emergency and Urgent Care Centres. All Members will be invited to this meeting when it is arranged, so that the views of Shropshire Council Members can be reported to a subsequent meeting of the Joint Committee. The Chairman has arranged for a Future Fit Briefing to be provided to any Local Joint Committee that wishes to request one.
- **Annual Safeguarding Report** – The Committee will want to assure itself that all necessary action is being taken to keep people safe.
- **Adult Social Care Bill** – The Committee intends to continue regular appraisals on the implications of the Bill.
- **Integrated Care Strategy** – The Committee will assess success of the pilot and implications for future roll out.
- **Adult Social Care Performance Indicators** - A small Group of Committee Members is currently working with Portfolio Holders and Officers in developing new Adult Social Care Performance Indicators, this group is due to make recommendations to the Committee in December 2014.
- **Day Services Update** – The Committee will scrutinise successes and challenges to date and actions outstanding.
- **Adult Social Care Annual Account** – The Committee intends to scrutinise the report and hear from service users and other contributors to the report.
- **Quality Accounts** – The Committee has requested sight of regular exception reports from NHS Trusts.

4.0 What Have We Done? *Joint Health Overview Scrutiny Committee*

- 4.1 The Shropshire and Telford and Wrekin Joint HOSC have met formally on 6 occasions and has explored concerns at length and made recommendations around: implementation of the 111 service, temporary co-location of Stroke Services to the Princess Royal Hospital, and Mental Health Services. The Committee has been receiving regular reports from NHS colleagues on plans for the 'Future Fit' Programme and the model of care proposed for Shropshire and Telford and Wrekin.

4.2 The model proposes one emergency care centre and a number of urgent care units across the Shropshire and Telford and Wrekin area. The Committee has requested further information so it can understand what the proposals will mean for local people and the financial implications. The Committee also requests reports on plans the hospitals have put in place to manage the services currently under pressure.

5.0 What Are We Going To Do? *Joint Health Overview Scrutiny Committee*

5.1 **Future Fit** - The Committee will continue to scrutinise Future Fit proposals as they develop. The Chairs have requested that the options for the locations of the Emergency Centre and Urgent Care Centres and information about what services will be provided from them is reported to the Committee as soon as possible.

5.2 The Committee is concerned that all sections of the community are provided with the opportunity to give their views at appropriate stages, and that publicity will allow this to happen. Both Chairmen meet regularly with NHS representatives to air concerns as they arise.

- **Mental Health Services** – An update on the review of Community Mental Health Services will be made to a meeting on 29 September 2014.
- **Community Health Services and Primary Health Care** – the Committee wants to ensure that developments in Primary and Community Care are aligned with the Future Fit Programme.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p>
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<p>Reports to Health and Adult Social Care Scrutiny Committee and the Joint Health Overview & Scrutiny Committee 2013-14</p>
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<p>Human Rights Act Appraisal</p>
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<p>The recommendations contained in this report are compatible with the provisions of the Human Rights act 1998</p>

<p>Environmental Appraisal</p>

<p>There are no environmental issues relating to this report.</p>

<p>Risk Management Appraisal</p>

<p>There are no risks associated with this report.</p>
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<p>Community / Consultations Appraisal</p>

<p>Consultation is a component of Scrutiny work to collect information to support the development of conclusions and recommendations.</p>

<p>Cabinet Member</p>

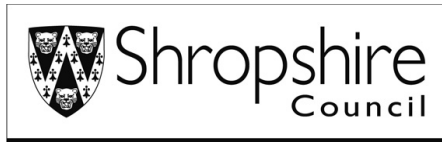
<p>Councillor Ann Hartley, Councillor Karen Calder, Councillor Lee Chapman</p>
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<p>Local Member</p>

<p>All</p>

<p>Appendices</p>

<p>None</p>



<u>Committee and Date</u>
Council
25 th September 2014

<u>Item</u>
10
Public

COUNCILLOR ANN HARTLEY PORTFOLIO HOLDER FOR CHILDREN'S SERVICE

1.0 Summary

This report provides information on the key achievements and developments over the past year and strategic priorities for transformation.

REPORT

2.0 CHILDREN'S SAFEGUARDING

2.1 Ofsted Inspections

2.1.1 Inspection of local authority arrangements for the protection of children

All actions that were part of the action plan produced in response to the Ofsted unannounced inspection in 2012 of local authority arrangements for the protection of children (safeguarding) have been completed. Significantly, the threshold document has now been implemented, and training across the children's workforce undertaken.

As part of the Children's Services' continuous improvement efforts additional actions have been and continue to be implemented:

- Revised operational activity at ICT (Initial contact Team) ensures contacts are now appropriately recorded as referrals.
- Further fine tuning of the practice on referrals management is being implemented as a result of the continuous monitoring of front door's performance (including re-referral rates) and audit and QA activities.
- The clarity of assessments, CPP (Child Protection Plan) documentation and evidencing decision making through recording, accessibility and reporting is further refined by all operational teams and the support services working together and reducing 'silo working' but also through a clear programme of multi agency audit that continues in Early Help and Safeguarding.
- The Shropshire Children's Safeguarding Services Audit and Quality Assurance Framework (Safeguarding Group) Programme for 2014 – 2016 -

has been revised in Jun 2014 and is being implemented contributing to greater scrutiny activity and engagement of all partner organisations in the process.

- Leaflets for parents have been produced explain S47 and Social Work assessment processes, Care Council development and the End to End Fostering Review are key areas of business for us to ensure that we are capturing the voice of the child and feedback plus ensuring all parties are informed and clear about the services/processes.

2.1.2 Children’s Centres

Only one Children’s Centre area has been inspected this year by Ofsted and was assessed as Good.

Consistently over the last 4 years with the exception of one year Children’s Centres have been assessed as ‘Good’ or ‘Outstanding’ following Ofsted inspections.

2.1.3 Children’s Residential Homes

Our three children’s homes have all had a primary Ofsted inspection during the past eighteen months and received either outstanding or good (with outstanding aspects) ratings.

2.2 TRANSFORMATION ACTIVITIES IN CHILDREN’S SOCIAL CARE

The Early Help Strategy (updated in June 2014) has been re-designed to ‘think family’ and support partners in the delivery of outcomes focused Early Help Plans and identification and management of risk.

The strategy is based on a child-centred and coordinated approach to prevention and early assistance where the voice of the child is heard and their experience of life is understood by all professionals working with them. It describes principles, mechanisms and tools to coordinate a range of services that are enabling families and communities to deliver and achieve the outcomes for children and young people.

The focus of the Early Help strategy is to provide medium to long term Early Help support to children and families in step down and rehabilitation to sustain improved outcomes.

An early help comprehensive outcomes framework is being developed to be implemented during 2014/15 and monitor the impact of the re-design and all the services working together to achieve the outcomes for children and young people and their families.

On-going development of COMPASS as the single point of contact and the fact that the Early Help Partnership has become a formal sub-group of SCT (Shropshire Children’s Trust) contribute to further clarity in the implementation of the new threshold document.

Development of the Workflow framework and the new Quality Assurance (QA) framework - ensures clarity for all professional involved regarding the process. Shropshire Council has not been inspected under the new framework.

The new QA framework was agreed in June 14 and outlines a matrix of auditing activity from Chief Executive to front line managers. The new framework includes a clear mechanism for learning from practice and for the dissemination of this throughout the workforce to ensure there is a continuous learning culture.

Further developments have been made to ensure that the voice of the child is well heard and used to inform individual plans. Audit and performance monitoring tools have been developed in the case recording system Care First to improve the quality consistency and availability of management information.

A re-design of the ICT and Case Management contributes to a more timely workflow and a ‘one Social Worker – one Child’ approach, reducing the number of times a child and their family transfer from one social worker to another.

During January to March 2014 a Scrutiny Task and Finish Group looked at fostering provision, raising the opportunity for Elected Members into this work (which is part of the LAC strategy).

Shropshire Council continues to engage with the West Mercia Adoption Partnership. A phased approach has been agreed, with further scoping work to explore the feasibility of progressing the partnership to develop a single adoption agency across the four Local Authorities involved in the partnership.

The implementation of PALAC (Pathway to Accommodation into Local Authority Care) ensures that in a single place there is clear outcome of assessed need and managerial decision making with regards to children coming into care and monitoring of placement and matching finance.

A pilot activity is underway to operate Havenbrook as a residential respite provision for young people on the edge of care. It aims to manage risk by providing short breaks together with planned interventions with young people and the family over a period of time with the overall aim of keeping children with their families rather than coming into care.

3.0 EDUCATION IMPROVEMENT AND EFFICIENCY

3.1 Ofsted Inspections

A significant number of schools in Shropshire were inspected by Ofsted during 2013-2014 and outcomes have improved the profile of Shropshire schools significantly, particularly in primary schools. In August 2012 Shropshire had 55% of primary schools judged good or outstanding (compared with 69% nationally) and 59% children attended good or outstanding primary schools (compared with

68 % nationally). The equivalent figures for secondary schools (68% on both measures) were in line with the national comparisons.

The Education Improvement Service has focussed sharply on primary schools judged to be only satisfactory, and by August 2013 the % primary schools judged good or outstanding had risen to 70% (compared to a national figure of 78%) and the % children in good and outstanding primary schools had risen to 75% (compared to a national figure of 77%). The improvement has continued with Shropshire now having 80% of primary schools judged good or outstanding, (compared to a latest national figure of 80%, in March 2014) and 81% pupils in good and outstanding schools, (compared to a latest national figure of 79%). Although some individual ratings for secondary schools have changed the overall figures have not changed significantly, with 67% secondary schools judged to be good or outstanding (against a national figure of 71%) and the % pupils in good and outstanding schools matching the national figure of 73%.

Fewer schools in Shropshire are now judged to be inadequate, with four LA maintained primary schools and no secondary schools in this category. It is important to note that when a school becomes a sponsored academy it no longer retains its previous Ofsted judgement.

A framework for the inspection of Local Authority arrangements for supporting school improvement to ensure high quality education provision and outcomes for children was introduced in May 2013. Shropshire’s Education Improvement Service has not yet been inspected, but Ofsted inspectors include a judgement on LA support and challenge to schools in inspection reports. Almost without exception the judgement on Shropshire’s school improvement service is positive.

Regional HMI have been invited to lead development sessions for Shropshire schools, and have delivered over 10 sessions during the last year.

3.2 Sustainability and efficiency of provision

In 2011 Cabinet agreed that in two locations, Shawbury and St Martins, existing schools would expand and combine onto single, more cost effective, sites. The new Shawbury St Mary’s Primary School opened at the beginning of the autumn term 2013 and the all through school in St Martins will open its primary department in September 2014.

Last year’s report summarised the work on establishing the Shropshire Learning Partnership (SLP). This emerged from consultation with primary and secondary headteacher representative groups, with draft proposals being developed by a representative group of headteachers. After two phases of consultation, schools have now had the opportunity to sign up for the partnership, with 94% doing so.

3.4 Special Educational Needs & Disabilities (SEND)

2013/14 has seen significant development work on provision for children and young people with Special Education Needs & Disability (SEND) in line with the Children & Families Bill which comes into force in September 2014. The main focuses are on:

- movement towards a more family centred system
- close working across education, health and social care
- production of a Local Offer
- the introduction of Personal Budgets
- the establishment of Education, Health, and Care plans (EHCP)

Shropshire’s preparation is well-advanced and key partners, including schools, health and social care professionals and parent groups, have been fully involved.

Alongside this significant development work there has been a focus on establishing Shropshire’s first specialist hub which will open in January 2015 and is to be located at Lakelands Academy in Ellesmere. When fully operational it will have places for 24 secondary age children. This follows the decision made by Cabinet in February 2013 which approved the development of more localised provision for some children identified with SEN. The focus is on enabling Shropshire’s children to access their specialist education locally and to remain within their families and communities in Shropshire.

3.5 The Learning, Employment & Training Services (LETS)

LETS has continued to provide a wide range of successful services over the last year.

In February 2014, Cabinet agreed to the externalisation of LETS. A soft market testing process was undertaken, resulting in an open tender process. A subsequent portfolio holder decision agreed to transfer Enable and Joint Training elements to the Adult Directorate

4.0 FAMILY SOLUTIONS

The Family Solutions Programme continued to deliver the national Troubled Families agenda across Shropshire. The front line team of intensive support workers was increased, using the attachment fees from national funding, to ensure that the project achieved its target of engaging 228 families in 2013/14. By the end of the year, 467 families, who met the Troubled Families criteria, were engaged with services; 153 families had improved outcomes in reducing anti-social behaviour / under 18 crime, or increased attendance in education, or stopped claiming out of work benefits. This enabled the Programme to claim £88,600 in Payment by Reward monies and this will be invested to continue delivery of the programme for a sustainable future.

5.0 TRANSFORMATION AND DEVELOPMENT PRIORITIES

The scale and pace of change in both Children's Social Care and Education has escalated during the last twelve months, and is set to continue during 2013/14. Add to this the financial imperatives of Shropshire Council, and the need for change is great and the ongoing priority during this period will be to redesign services so that they achieve good outcomes for our children and young people in a more cost effective way.

Key priorities for 2014/15 are:-

- Corporate Parenting which needs development across the partnership to ensure we have the best possible understanding and engagement of the corporate parenting agenda of all stakeholders. This is being managed through the Corporate Parenting Strategy and the Children in Care Council's review.
- Improving our early identification, early help and family focus we will aim to reduce the number of children who become looked after by Shropshire Council by supporting and enabling families and children to better cope within the family home, as well as looking at ensuring better, more local provision for those for whom this is not possible. Alongside this we will look to manage the cost of looked after children by securing permanency plans in a timely way.
- Being inspection ready. New inspection regimes have been introduced for both Children's Social Care, including Safeguarding, Looked After Children and the Adoption process, and Education. For the first time, the capacity and capability of Local Authorities to ensure high quality education and outcomes for its children will be undertaken. It is crucial that an emphasis is placed on being fully prepared for these inspections.
- The performance of our schools and the outcomes for children, especially those who are disadvantaged, will remain a focus of our work. We will continue to both support and challenge schools, including academies, in order to address underperformance and drive up outcomes.
- The transfer of some services to Inspire 2 Learn (I2L), within IP&E. Transfer of some services will take place from early 2015 and the transition of education support service teams will continue through 2015.
- Continued implementation of the SEND reforms including personalisation
- Despite positive performance headline, review our fostering and adoption processes to improve the timeliness of recruitment of carers and to improve our aspirations for long term permanency outside of local authority care for what might be deemed hard to place children.
- Education Transport Redesign.
- Consideration of the synergies and opportunities with Adult services. Current priorities include:-

- Services for people with disabilities
 - Transition through children to adult services
 - Family focussed provision where adults and children’s services are engaged with the same family.
- Administrative review for all social work services, which will look at new and more efficient and cost effective ways of working.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder)

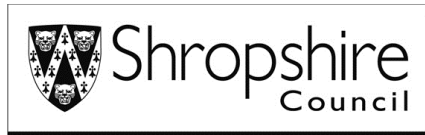
Ann Hartley

Local Member

Appendices

None.

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Committee and date

Council

25 September 2014

10.00am

Item No

11

Public

Councillor Joyce Barrow
Young People's Scrutiny Committee Chairman

ANNUAL REPORT 2013-14

YOUNG PEOPLE'S SCRUTINY COMMITTEE

1.0 Summary

1.1 This is an overview of the work of the Young People's Scrutiny Committee during 2013-14 and its plans for the forthcoming year.

2.0 What has been done?

2.1 Following a review of scrutiny during 2013 – 14 the Committee's name and remit changed.

2.2 The Committee met formally on 6 occasions over the last year, the meetings in May 2013 and July 2013 being meetings of the Safe and Confident Communities Scrutiny Committee prior to the change in name and remit of the Committee.

2.3 During the year the Committee has received reports on the following subjects:
-

- Educational outcomes for Shropshire's Looked After Children and the Care Leavers Pathway
- Children's Health with a particular focus on Childhood Obesity
- Closing the Gap in Educational Outcomes where Members received an update following the recommendations of the Task and Finish Group that reported in 2012
- The introduction of universal free school meals and the measures being put in place to enable schools to deliver meals
- Changes to Youth Services

- Shropshire's Safeguarding Children Board – annual report of the Independent Chair
- Transformation activities around Early Help, COMPASS, Mental Health Services and Targeted Mental Health Support (TaMHS), and The Monkmoor Project (Family First)
- Changes to Ofsted inspections of LA arrangements for supporting school improvement
- School Performance

2.4 The Committee also received and commented on regular updates on the performance of Children's Services including data on LAC, children on a child protection plan, children in need, referrals to safeguarding and educational outcomes.

2.5 During the year the Committee established a Rapid Action Group to look at aspects of redesign of services aimed at reducing the cost of Looked After Children. The work of this Group has centred on fostering services and has reported back regularly. Its report will be published later in the year.

2.6 The Committee has also established a Task and Finish Group to look at reducing Childhood Obesity which is in the early stages of its work.

2.7 In addition to the formal work of the Committee, the Chairman holds regular meetings with Portfolio Holders and Senior Officers to discuss matters that may merit scrutiny involvement.

3.0 Future Plans

3.1 The Committee will continue to receive reports and have input on the transformation and redesign of elements of Children's Services as these are being rolled out.

3.2 The Committee will also continue to monitor the performance of Children's Services.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Reports to Young People's Scrutiny Committee

Human Rights Act Appraisal

The recommendations contained in this report are compatible with the provisions of the Human Rights act 1998

Environmental Appraisal

There are no environmental issues relating to this report.

Risk Management Appraisal

There are no risks associated with this report.

Community / Consultations Appraisal

Consultation is a component of Scrutiny work to collect information to support the development of conclusions and recommendations.

Cabinet Members

Councillor Ann Hartley, Portfolio Holder for Children's Services

Councillor Nick Bardsley, Deputy Portfolio Holder for Children's Services

Councillor Karen Calder, Portfolio Holder for Health

Local Member/s

All

Appendices

None

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Committee and Date
Council

25th September 2014

10.00 am

Item

12

Public

COUNCILLOR MIKE OWEN PORTFOLIO HOLDER FOR RESOURCES, FINANCE & SUPPORT

1.0 Summary

This report provides information on the key achievements and developments over the past year.

2.0 The specific portfolio purpose is to:

Drive the earliest possible achievement of savings through a zero-based budget approach that secures the council's financial standing and sound management of all resources, bringing forward a legal, balanced budget.

To lead council-wide identification and coordination of delivery of savings options, liaising with all portfolio holders to ensure these are delivered.

To provide an efficient organisational support structure that enables Shropshire Council to deliver the best services to its customers, as efficiently as possible.

3.0 Finance, Governance & Assurance

3.1 Internal Audit

Ninety eight per cent of the revised Internal Audit plan was delivered which contributes to the review of the effectiveness of the systems of internal control as required by legislation. Seventy five per cent of management systems reviewed attracted a good or reasonable assurance level; including the majority of key financial systems which demonstrated a positive direction of travel and improved assurance scores.

The Audit Committee Chaired by Cllr Brian Williams has agreed to a number of training sessions throughout the year to ensure its continuing effectiveness in the delivery of its role. Both the Committee and the Section 151 Officer have approved the Internal Audit plan for 2014/15.

3.2 Procurement & Contracts

During 2013/14 the Procurements and Contracts team has continued to provide support services including the management of or advice to a range of tendering activities along with one off procurement advice. Work also included the development of a new Procurement Strategy which has been duly adopted and which is closely aligned to the Council Commissioning Strategy.

Procurement and Contracts also support work for external bodies including West Mercia Energy, Shropshire & Wrekin Fire Authority, Shropshire Rural and Town Housing and Counties Furniture Group

The Contract section of the team has continued to provide contract support to Adult Services in particular, assisting service managers (Adult and Children Services) in re-negotiation of contracts or reduction of fees and service re-organisation together with assisting with safeguarding investigations and liaison with colleagues and other bodies as appropriate e.g. finance, CQC, CCG; adult protection, legal, other local authorities. Also re-negotiation of contracts or reduction of fees, service re-organisation and achieving best value.

3.3 Treasury and Pensions

The Treasury & Pensions team are responsible for managing Shropshire Council's investment and debt portfolio, the Council's banking arrangements and the £1.4 billion Shropshire County Pension Fund. The team administers the Shropshire County Pension Fund on behalf of over 40,000 scheme members and 126 employers.

This year there have been several significant challenges facing the Pension team. The new Local Government Pension Scheme (LGPS) 2014 scheme was implemented on the 1 April 2014, there were several government consultations looking at the future structure of the LGPS and a review of the structure of the Pension Fund was carried out which resulted in the appointment of 4 new investment managers.

Over the next year a Pension Board will be set up and appointments to the board will be made in January/February 2015. Following the results of the 2013 Actuarial Valuation the Strategic Asset Allocation of the Fund is currently being reviewed with our investment consultant. Government consultations looking at the future structure of the LGPS are still on-going.

3.4 Risk & Insurance

The Resources and Support Portfolio Holder has the responsibility of being the Risk Management Member Advocate and as such is responsible for promoting Opportunity Risk Management with Members and throughout the council as a whole. The portfolio holder attends regular meetings with the

Risk Management Team to discuss and manage the strategic risks and to ensure that they are advised of all developments.

Protecting the Council from its financial risk exposure is mitigated to some degree by an insurance policy and a self-insurance fund. 2014 saw the end of the current insurance contract and a procurement exercise was undertaken to obtain a new insurance contract. The insurance team took the opportunity to undertake a full review of the insurance provisions.

Business Continuity is vital following any incident which may interrupt service delivery and robust Business Continuity Plans are in place. These are tested regularly and in May, Exercise Bird Watch took place which tested the council's resilience not only to its own internal business recovery plans but also to its response as a Category One Responder under the Civil Contingencies Act. Multi-agency partners also took part in the exercise and an action plan has been developed following the exercise.

3.5 Finance

The revenue budget for 2013/14 assumed savings delivery of £23.88m in order to achieve a balanced budget for the year. The outturn position for the year was an underspend of £0.39m against the budget which had improved significantly from the anticipated level earlier in the financial year. Detailed analysis of the financial projections and data which was provided to managers during the year assisted in management taking prompt and responsive action where necessary to contain potential overspends and ultimately deliver the final outturn position.

The Council undertook a new approach to business planning and to the development of the financial strategy over the next 3 years which resulted in a joint Council Business Plan and Financial Strategy being developed and approved by Council on 27th February 2014. The plan identified a saving requirement of £80m over the next 3 financial years, and outline saving proposals were developed by service areas. The financial plan assumed that £39.89m will be delivered in 2014/15 and the Finance team are now working with service areas to confirm that savings proposals are deliverable within this financial year. Future year savings proposals are also being reviewed and monthly.

The statement of accounts for 2013/14 has received an unqualified audit opinion. There were no material changes required to the financial statements and the only changes made to the draft statement of accounts were minor disclosure amendments.

As part of the business planning activity undertaken in August and September 2013, it was identified that process improvements were possible within the purchasing procedures across the Council. As a result a decision was made to implement a Procure to Pay solution within the finance system which would streamline the purchasing process, provide better value for money through procurement management of our suppliers, eliminate maverick spend, and deliver electronic storage of purchasing documents and invoices. This solution

is now being implemented and rollout to service areas will take place during the 2014/15 financial year. Further improvements are also being made to other modules of the finance system to improve the efficiency and processes.

The Revenues team, responsible for the collection of over £145m in Council Tax and over £70m in Business Rates revenues, has continued to perform to high standards in 2013/14 with collection rates above the national average at 98.1% and 98.3% respectively.

From April 2014, the Council's Revenues and Benefits team have been brought together to deliver an improved service maximising efficiencies and ensuring consistent and joined up working practices.

4.0 Legal, Democratic and Strategy

4.1 A significant project detailed within the Business Plan was to undertake an end to end review of how the Council uses information. A comprehensive review has been under way since March 2014 with 2 key areas of focus:

- looking in detail at the different IT systems, databases and spread sheets that are in use across the Council in order to identify and reduce duplication, maximise the use of system functionality, and help to identify systems that might no longer be needed, and
- how to streamline and design an overarching system and methodology for how the Council uses the information it holds to understand progress and impact and to inform future service design and commissioning, and in doing so maximising the staff and IT resources available to do this.

4.2 Positive feedback has been received on the work done so far, milestones have been achieved and the new model of working will begin to be implemented more broadly from the autumn onwards.

4.3 Legal Services have reviewed their service to ensure it is meeting clients changing needs, such as those who are providing their services through new vehicles.

4.4 Alongside these substantial developments, Legal Strategy and Democratic Services are changing the way that they work; moving to a more flexible model of working to reduce reliance on office space and maximise the potential offered by developments in ICT to work in a mobile and flexible way across the County and beyond; where team members are working on projects and cases.

5.0 Commercial Services

5.1 The commercial services team consists of Strategic Asset Management, Premises Services and Shire Services.

- 5.2 The team has focused on increasing efficiency and providing a professional service to the business and its external customers. A cloud based database upgrade has been implemented for the property functions and is in the process of implementation. This will provide an improved system that allows efficient processes and services to be delivered within the property functions across the council.
- 5.3 The team has been working hard to develop an asset strategy that will allow the council to manage an appropriate sized estate. This has involved investing in valuable assets and disposing of surplus estate to fund the capital programme. There is a process of rationalisation of the administrative estate in progress which has resulted in the disposal of Edinburgh House in the year.
- 5.4 Catering and cleaning services continue to expand, to help fund school meals for all. The trading teams are working hard to progress to a cost neutral budget position and deliver a quality service with the emphasis on a healthy eating menu within schools.

6.0 Customer Involvement

- 6.2 Changes over the last twelve months has led to the development of a Customer Involvement roadmap that brings together a number of key projects, including single view of the customer (SVoC) and digital mailroom projects.
- 6.3 There have also been some significant challenges in 2013/14, particularly in meeting the Cabinet Office's PSN requirements and the Government's changing stance around LSPF funding. The organisation and team involved have worked hard to bring about the necessary new compliance in these areas and plans are also in place to meet the likely 2014/15 requirements. Staff should be congratulated on the way they responded to the changing governance and legislation within a short timescale.
- 6.4 Against this background, work has continued on moving a number of key ICT systems to the Cloud and the deployment to Office 365 is now nearing completion. This will provide support for mobile and flexible working, as will the development of a new Wide Area Network (WAN) provision which was successfully set up during 2014.

7.0 Human Resources and Development

- 7.1 The HR service is changing the way that it works, moving to a more flexible model of working to reduce reliance on office space and maximise the potential offered by developments in ICT to work from multiple locations.
- 7.2 A significant piece of work that was identified in the business plan was for the HR team to review the service that it currently offers to its customers and to make improvements with a view to becoming the provider of choice.

7.3 The following changes have been implemented within HR as a result of Business Planning:

Inspire to Learn and Commercial Awareness - The HR service has recognised the need to work in a different way to meet the changing needs of our schools, to ensure we are the provider of choice. A significant piece of work has been undertaken, working closely with our customers (schools) to identify their specific needs and to make improvements to our service delivery. Workshops have been held to establish customer need and further workshops are planned.

Learning and Development - The Learning and Development team has been structured resulting in a new approach to People Development across the organisation. The approach is more strategic with a dedicated Business Partner for People Development working closely with Directors and Senior Managers to assess people development needs and to design and deliver a more bespoke training solution.

Employment Services - The team has been restructured and is becoming more customer focused as they work towards improving the efficiency of our service. This includes developing our systems infrastructure to support engagement with our customers, including an e-recruitment system.

Advice and Projects - Developing a more commercial focus for HR services has been a key change following business planning. In particular they are also working on a more self-service approach to the advice they offer.

Business Partner Team - The Business Partner team has been working closely with Heads of Service to support the organisation to change and move into new delivery vehicles including ip&e.



<u>Committee and Date</u>	<u>Item</u>
Council	13
25 September 2014	
10.00 am	
	<u>Public</u>

COUNCILLOR GWILYM BUTLER PORTFOLIO HOLDER FOR LEISURE, LIBRARIES AND CULTURE

1.0 Summary

This report provides information on the key achievements and developments over the past year.

2.0 The specific portfolio purpose is:

To work with the portfolio holders with Area Commissioning responsibility to radically redesign:

- Shropshire Council's commissioning of leisure outcomes to maximise healthy living opportunities, reducing costly dependency on health-care in later life as much as possible.
- The way we enable communities to access books and other learning materials, primarily focusing on investment that supports the links between early reading and life-long skills, employability and well-being.
- Shropshire Council's commissioning of cultural activity and management of assets only where this can demonstrate a sufficient multiplier effect on benefiting the economy of Shropshire.
- To ensure that the council's commissioning decisions complement rather than duplicate or inadvertently compete with the capacity of the open-market to provide them – for example in sport and leisure.
- To lead on the Council's relationship with the voluntary and community sector through the Shropshire VCS Assembly working with the other portfolio holders with commissioning responsibilities, both area and thematic, to identify opportunities the sector can play in effective commissioning.

REPORT

3.0 Theatre Services

- 3.1 There were 1,060 film screenings at the Old Market Hall last year and overall attendance was 62% (53,652). This was 2.5% down on attendances for 2012/13. This was largely due to one particular film (*Diana*) that had poor

attendances nationally, giving average attendances of only 17% over 41 screenings. Café Bar takings were 2% up on 2012/13, providing income of £328K. The overall surplus generated at the Old Market Hall rose from £62,690 in 2012/13 to £64,950 in 2013/14 (excluding 'below the line' costs).

- 3.2 New digital projection equipment will be installed during the course of this financial year. Participating in the National live screenings season has also seen an increase in attendance and added a new dimension to the film programme.
- 3.3 At Theatre Severn, 414 performances took place during 2013/14 with an overall audience of 144,893. This was a 5% decrease on 2012/13, however, average attendances per performance increased by 8% to 68% overall. The Pantomime contributed to this result by achieving its most successful season ever, with almost 37,000 people attending. The production sold out to 98% of capacity. At this stage of the year, sales for the forthcoming Pantomime season are currently 15% ahead of sales for the previous year. Income from private hirers also showed an increase of 18% to £156K. The subsidy on Theatre Severn fell from £354,100 in 2012/13 to £274,910 in 2013/14 (excluding 'below the line' costs).
- 3.5 This year the purchase and installation of digital projection equipment to the Walker Theatre, allowing expansion of the rapidly growing 'live screenings' market is also being pursued.
- 3.6 The Restaurant, Chapel Bar & Kiosks have increased turnover by 15% from the previous year. An exercise is currently underway to look into possible outsourcing of the catering operation.

4.0 Shropshire Outdoor Partnerships

- 4.1 In 2013/14 the Outdoor Recreation service undertook a business planning exercise to identify ways to better meet customer needs whilst making significant savings. The business plan outcome identified 4 areas, where potential new ways of service delivery should be considered.
- **Future management of green/open spaces** – to start negotiations to transfer local green spaces to Town and Parish Councils. This transfer will support better decision making at a local level supporting the wider local commissioning approach and meeting local needs. To date Shrewsbury and Bridgnorth Town Councils have agreed to take on their local green spaces. Further negotiations with other Town and Parish Councils will take place in the coming months.
 - **Grounds Maintenance Options** - if Town and Parish Councils are not interested in taking on local green space sites, then Outdoor Partnerships will look to set annual area grounds maintenance contracts with local providers to reduce annual costs whilst increasing standards. Last year new contracts were agreed at Severn Valley Country Park, Birchmeadow in Broseley and Stanmore Park, near

Bridgnorth, providing a saving of £50K. The Service will be advertising local area contracts to test local contractor costs.

- **Review of Country Park Assets** – this is to reduce costs and increase income at Severn Valley Country Park and the Mere to achieve cost neutral management, i.e. income generated covers the running cost. At Severn Valley Country Park income generation activities will bring in an additional income of £14K. At The Mere, Ellesmere, work is ongoing to maximise income potential from its land building assets. The Mere Cottage and Castlefields car park are currently advertised for commercial business opportunities, which could bring in an additional rental income. The sale of Swan Hill depot has been agreed subject to contract, bringing in further additional capital receipt for the Council.

- 4.2 Severn Valley Country Park has received its 10th consecutive Green Flag award, the best in Shropshire. Whilst The Mere was awarded its 1st Green Flag.
- 4.3 Increasing volunteer opportunities and partnerships will provide wider health and wellbeing benefits to the local community as well as reducing maintenance costs through practical works. Since April 2014, 665 volunteers have provided 7,474 hours of volunteer time, which is estimated to have saved £57K to Shropshire Council. A review of volunteering opportunities is underway with a series of volunteer forums being held around the county. These will help to understand the support existing volunteers need and what equipment, training etc is required, as well as celebrating the great work being done, and investigating future volunteering opportunities.
- 4.4 Walking for Health continues to grow and benefit the health of many people with new groups being formed in Clun and Bishop's Castle. We now have 55 walking groups with 1,133 walkers being supported by 287 volunteers who gave 2,700 hours of their time leading the walks.
- 4.5 Continued partnership working with the Probation Service has provided 7,667 hours of manpower labour across the Public Rights of Way network, Countryside Parks and Sites, Green Spaces and Play Areas, with an estimated saving to the Council of around £40K

5.0 Libraries

- 5.1 Shropshire Libraries are managed as part of the area directorates, alongside other community services. There is a network of 22 community libraries, each with its own branch manager, providing library access across the county. 4 mobile libraries cover the north, central, south east and south west of the county.
- 5.2 The Library redesign currently underway proposes to provide a more affordable service that embraces different delivery models; through face to face, digital and virtually, through an outreach programme targeted to meet council outcomes for specific groups, and through a reconfigured network of

libraries. Shropshire Council will aim to deliver library services by working in partnership with communities so that tailored services can be developed to support the needs of people in their communities and also those who may have specific needs that may affect their access to library services.

- 5.3 Six strategic community hubs in major towns are being developed to improve accessibility and cater for larger populations in towns. Oswestry, Ludlow and Bridgnorth hubs are being fine-tuned to enable a more streamlined service offer that will include the library, customer service provision and registrar. Our remaining libraries will offer a core community service provision similar to Highley and Craven Arms Community Centre and a varied range of opening hours but with participation from town or parish councils, voluntary and community groups the aim will be to increase these opening hours.

Libraries will continue to promote the skill and enjoyment of reading for all ages and improving the customer offer through a refreshed library management system as well as:

- Supporting learning in schools and informal learning and skills development
- Providing an information and enquiry service on all subjects
- Reducing the digital divide by reinvesting in modern public access computer services at no charge to customers and to support new users
- Supporting Shropshire Council in delivering in communities by working in Hubs providing a cost effective focal point for the local delivery of a range of council services.

- 5.4 In terms of service development Shropshire Libraries are adopting the Universal Offers with The Society of Chief Librarians, The Arts Council, The Reading Agency and other partners. These are four key areas of service delivery which customers regard as integral to public libraries and developed a shared strategy for the future:

- Reading Offer
- Information offer
- Digital offer
- Health offer

- 5.5 The aim of each of the offers is to develop a core package of partnerships, resources and advocacy messages at a national level which can be delivered locally to meet differing local needs. The Universal Offers provide a positive vision for the future of public libraries; they are a promise to our customers and a commitment to quality provision across these four core areas of our service.

- 5.6 Reading Offer - this offer sets out what public libraries will offer in order to provide a modern reading service within a local community. It aims to focus libraries' attention and efforts on promoting key shared reading programmes. It is supported by the reading calendar, a toolbox of reading programmes and a raft of national partnerships. This offer has been developed in partnership with The Reading Agency.

- 5.7 Information Offer - the focus of the offer is on libraries' role in supporting people to access information and services online in life-critical areas such as careers and job seeking; health, personal financial information and benefits. Central to this offer is helping people to use vital government online information services.
- 5.8 Digital Offer - this offer recognises that the development of digital services, skills and access underpins so much of a 21st century library service. As such, it supports and enables the delivery of all of the Universal Offers. As a baseline every public library service should provide:
- Free internet access (for a minimum period of time)
 - Clear and accessible online information about library services
 - Staff trained to help customers access digital information
- 5.9 Health Offer - this offer expresses the public library contribution to the positive health and well-being of local communities, with a commitment to provide services that include public health information and promotion, sign posting and referrals as well as creative and social reading activity. In 2013 the Reading Well Books on Prescription Scheme was launched. This is a national programme endorsed by key health professionals and organisations and, within the first six months of the programme, is already being delivered across 87% of public library authorities.
- 5.10 The Galaxy Saas/Arena is an ongoing project to move the Library Management System to a Software as a Service model in order to make savings on server maintenance and replacement and improve the system architecture. The project also involves an upgrade of the public web interface to Axiell Arena. Arena provides a framework of content and interactive services that can be extended and revised to develop community and social networking functions.
- 5.11 As part of the universal offer we propose to install self-service machines in libraries in order to improve the service to customers, make efficiency savings and extend opening hours. Self-service facilities are also crucial to the development of community run libraries such as the Craven Arms model.
- 5.12 There continues to be an ongoing customer usage PC replacement program covering all public access machines in libraries. This enables libraries to be part of the digital by default program giving access to Shropshire residents who do not have access to a PC or broadband.
- 5.13 Shropshire Libraries have introduced E- materials to enhance the library reading stock and further develop our inclusive 24 hour provision to Shropshire residents. We have launched an Initial introduction of E-magazines with a selection of 20 popular titles. Also being considered is the possible replacement of hard copy magazines to develop wider cost effective solutions. E-books will follow later in the year as we update our library management system to be supplied by Askews book supplier.

5.14 Shropshire Council currently delivers Visitor Information provision at key destinations throughout the County. Provision varies from stand-alone Visitor Information Centres (VIC) at Ludlow and Mile End, Oswestry through to service provision within Customer First Points. In line with service redesign recommendations that create more localised service provision that is more efficient and sustainable is now being established. Shropshire Council and Ludlow Assembly Rooms are finalising an agreement for the continued running of the VIC. Similar negotiations are taking place for example in Church Stretton, Market Drayton and Oswestry.

6.0 Leisure Services

6.1 Shropshire Community Leisure Trust with Serco Leisure as their managing agent, have operated 5 facilities on behalf of Shropshire Council since August 2012. 2013/14 was the first full year of contract operations and attendances across the 5 sites increased by 15.7% compared with the previous year. This increase contributed greatly to an overall attendance across all Shropshire leisure facilities of just below 2,100,000, the largest annual usage figure recorded. Working in partnership with the Council, £245,000 of funding was acquired to refurbish the changing rooms at Market Drayton Swimming Centre and the Trust have introduced many improvements across the portfolio of facilities.

6.2 Teme Leisure continue to operate 4 leisure sites in the south of the county and have been able to maintain a high level of service and increase attendances. Significant investment has been made at South Shropshire Leisure Centre (Ludlow) which has resulted in increased attendances.

6.3 A programme of facility management transfers of all joint-use facilities has continued as part of the wider local commissioning approach. This has involved detailed negotiations with schools, colleges and academies on whose sites leisure facilities are managed directly by Leisure Services. All current joint-use agreements are different and complex, however, the following facilities have been successfully transferred in 2013/14:

- Thomas Adams Sports Centre, Wem
- Lakelands Sports Centre, Ellesmere

This has contributed towards the 2014/15 saving that Leisure has been able to achieve of £305,370. Whitchurch Joint Use Centre has been successfully transferred during 2014/15, and this will contribute towards achieving 2015/16's savings target.

6.4 A number of Sports and Play Development projects and initiatives have been developed and supported by the team. These include:

- Neighbourhood Life, aimed at promoting physical activity to sedentary members of the public. Initially this will commence in Shrewsbury, Ludlow and Oswestry and highlights partnership working between Public Health, Sports Development and both facility operators,

Shropshire Community Leisure Trust and Teme Leisure.

- Specific Play Development schemes have continued to flourish including the Community Play Store, Out 2 Play Project and Play Week.
- Shropshire Schools Sports and Athletics Association, enabling schools throughout Shropshire to play competitively in a number of sports.
- Sportivate projects, people aged 19-25 taking part in regular sport and physical activity and Sport Makers, more people engaged with sport through volunteering.
- School Games programmes which enable more young people to become engaged in competitive sport.
- Return 2 Rounders programmes with successful leagues/sessions now operating in Shrewsbury, Oswestry and Ludlow.

6.5 The Leisure Services team continue to organise and manage major events within Shropshire, including the Ellesmere Triathlon, Severn Bridges Road Race and Sport Relief. The TRI UK Ellesmere Triathlon again achieved World Championship qualifying status and attracted over 400 competitors. Three of the age-group qualifiers from Ellesmere won medals at the World Championships held in Edmonton in August 2014, 2 gold and 1 bronze.

6.6 Shrewsbury Swimming Pool - reflecting the age, condition and future potential maintenance liabilities of the pool the future of swimming provision within Shrewsbury is under on-going consideration. Following confirmation by Cabinet officers have formed a Project Board with external inputs from Sport England, the Amateur Swimming Association and Energize, the County Sports Partnership. Alongside this we are continuing to liaise with the Quarry Swimming Pool Forum and other key stakeholders. The Board has recently commissioned both a building condition survey of the existing swimming pool and an appraisal of different location options within Shrewsbury. We anticipate that at the end of the year this will be used to inform public and stakeholder consultation on the different options and subsequently to potentially inform the development of a new significant capital project.

7.0 Arts Development Service

7.1 Four Economic Impact Assessments were delivered for Shrewsbury festivals in the last 12 months - the Cartoon Festival, River Festival, Food Festival and Folk Festival. The aim was to identify and quantify the additional spending that different types of events bring into the area, and therefore understand the impact of events on the visitor economy. Additional spending by visitors to these festivals is broken down as follows - The Cartoon Festival generated £194,462, The River Festival generated £166,961, The Food Festival

generated £180,510 and the Folk Festival generated £548,077 – all of which totalled £1,090,010 additional spending in the area.

The results for all the festivals show the value of events to the local economy as visitors spend in accommodation, shops, and restaurants and on travel and other attractions.

7.2 In 2013/14, £143,900 of the arts budget was invested through grants into local arts organisations, venues and festivals, who deliver a regular programme of arts activity across the county. In 2012/13 these revenue clients brought into the county over £800,000 from grants, earned income etc. In 2014/15 with £145,900 investment from Shropshire Council, these organisations and festivals will increase their income to £996,000.

7.4 During the last 12 months, the Arts Service has been successful in securing a variety of funding from grant bodies such as the Arts Council to deliver a range of projects including:

- First World War Commemorative Activities. Arts Council England awarded £99,067 and the Heritage Lottery Fund granted a further £91,300 for 19 arts and heritage projects to help communities commemorate the centenary anniversaries of the First World War. The Arts & Festival activities will make a significant contribution to the following partners' activity; Pentabus Theatre, Wem Town Hall, QUBE (Oswestry Community Action), Shrewsbury 6th Form College, Shrewsbury Museum and Art Gallery, St Chads Music Festival, Shropshire Boys Dancing, Shrewsbury Bookfest and Acton Scott Historic Working Farm.
- Arts Council England awarded £10,500 to develop an Arts Strategy for the Flax Mill Maltings. This will provide a framework and overarching artistic vision for the site exploring the potential for the arts. It will also identify ways the public can engage with the Flax Mill Maltings in the short, medium and long term.
- Boys Dancing develops and celebrates dance for boys and young men, providing them with the challenge, exhilaration, discipline and fun of making and sharing dance. External funding has provided more than £30,000 toward the project. During the last 2 years hundreds of boys and young men from Shropshire, led by a team of professional artists have participated, choreographed and performed in live dance pieces and films. The project has been shortlisted for the National Lottery Awards best Arts Project.
- The Arts Service has been working in partnership with Arts Connect West Midlands, local schools, arts organisations and venues to deliver a programme of activity for children and young people. Arts Connect have invested £11,000 into Shropshire during the last 12 months.

- Shrewsbury Museum and Art Gallery Contemporary Art Projects -the Arts Council England funding of £99,000 has supported the commission of 6 new contemporary art interventions, by international artists. The pieces are now on exhibition throughout the Music Hall.

8. Youth Activities

A significant amount of work has been undertaken over the last twelve months to redesign, consult, evaluate and prepare for the implementation of a new youth activities commissioning approach with effect from 1 April 2015. This began in January 2014 when the Council embarked on an extensive consultation programme which set out the proposals for a new commissioning model for youth activities whereby the Council becomes a commissioner rather than a direct provider of youth services in the county.

This approach empowers local communities and young people to identify the demand for youth activities in their local area, informed by knowledge of existing community based provision, and procure resources and activities to meet these needs placing the involvement of young people in local decision making.

The Council also set out the proposal to contract an infrastructure partner to support, check and develop community based youth activity providers to ensure that the strategic and local outcomes for young people are fulfilled. The consultation involved wide ranging discussion and input from a range of partners, stakeholders, young people, front line workers and provider organisations.

In July 2014 we considered and approved a report that set out how feedback to the proposed commissioning and contracting approach had led to certain modifications. One of the key features being the need to find new and innovative ways of engaging young people in local decision making which works and which reduces bureaucracy.

In August 2014 the Council published the invitation to tender notice for the infrastructure partner. Tenders will be evaluated in October 2014. The partner will be selected in December 2014 and will have a three month lead in period before the new commissioning model is implemented in April 2015.

From September 2014 local joint committees will be briefed and supported in terms of their role in local commissioning and the procurement of youth activities. The Council's commissioning and community enablement team will provide support for LJsCs and assist with the engagement of young people in the new process. LJsCs will be informed of what level of funds they will receive, based on need, and decide whether to procure existing youth activities providers and/ or seek new providers to meet the needs of young people in their local area. The infrastructure partner will also provide support for good commissioning practice.

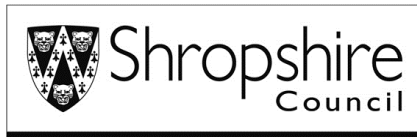
Existing arrangements for the provision of youth services and contracts between Shropshire Council, Shropshire Youth Association and specific voluntary and community based organisations will remain in place until 31 March 2015. Further consultation is planned with these organisations and with staff throughout the autumn 2014 and spring 2015.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder) Gwilym Butler

Local Member Countywide.

Appendices None.



<u>Committee and date</u> Council 25 September 2014 10.00 am

<u>Item</u> 15 <u>Public</u>

AUDITED ANNUAL STATEMENT OF ACCOUNTS 2013/14

Responsible Officer James Walton

Email: james.walton@shropshire.gov.uk

Tel: (01743) 255011

1. Summary

- 1.1 This covering report and Annual Statement of Accounts document (circulated electronically to all Members), present to Members the final audited outturn position for the financial year 2013/14.

2. Recommendations

- 2.1 Members are asked to:

- A. Consider and approve the 2013/14 Statement of Accounts and that the Chairman of the Council signs them (in accordance with the requirements of the Accounts and Audit Regulations 2011).
- B. To agree that the Head of Finance, Governance and Assurance be authorised to make any minor adjustments to the Statement of Accounts prior to the 30th September 2014.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1. Details of the potential risks affecting the balances and financial health of the authority are considered within the Statement of Accounts.

4. Financial Implications

- 4.1. This report considers the overall financial position of the Authority in the form of the Council's Statement of Accounts. The accounts consider the level of assets controlled and owned by the Authority, and the level of balances of held.

5. Background

- 5.1 The Accounts and Audit Regulations 2011 state that members are required to approve the annual accounts after, rather than before, the findings of the audit are known. The formal date for approval and publication of the accounts is 30 September.
- 5.2 A copy of the 2013/14 Statement of Accounts has been circulated to all members electronically and is available on the web as Appendix 1. The Council's external auditors, Grant Thornton, have audited the accounts during July and August. The audit of the accounts is substantially complete and the Auditor has indicated that an unqualified audit opinion will be issued on the accounts, subject to the successful completion of the outstanding matters.
- 5.3 The Accounts and Audit Regulations 2011 also require that the Statement of Accounts is accompanied by the Council's Annual Governance Statement which details the processes and procedures in place to enable the council to carry out its functions effectively. The Annual Governance Statement was approved by the Audit Committee on 26 June 2014 and has been circulated to all members electronically as Appendix 2.

6. External Audit Opinion

- 6.1 Grant Thornton are expected to provide an unqualified audit opinion on the Statement of Accounts and therefore will report as follows.

"In our opinion the financial statements give a true and fair view of the financial position of Shropshire Council as at 31 March 2014 and of its expenditure and income for the year then ended; give a true and fair view of the financial position of the Group as at 31 March 2014 and of its expenditure and income for the year then ended; and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

7. Changes from the Draft Statement of Accounts Certified by the Head of Finance, Governance & Assurance on 27 June 2014

- 7.1 There have been no material changes identified during the audit, however there have been a number of additional disclosures required and minor changes made, all with the agreement of Grant Thornton. The main changes are listed below:
- a) Additional disclosure note provided to evidence the restatement of the 2012/13 comparative figures relating to the changes in the IAS19 Employee Benefits Accounting Standard.
 - b) Removed payments in advance and receipts in advance figures from the disclosure note for financial instruments.
 - c) Updated Group Accounts to reflect audit adjustments made to the statement of accounts for the organisations consolidated within the Group boundary.
 - d) Other additional disclosures or minor amendments have been included within the Notes to the Core Financial Statements.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Audited Annual Statement Of Accounts 2013/14, Audit Committee 18 September 2014

Statement of Accounts 2013/14. Audit Committee 26 June 2014

CIPFA's Code of Practice (Code) on Local Authority Accounting

CIPFA/SOLACE guidance on the Annual Governance Statement

Revenue and Capital Budget 2013/14

Cabinet Member (Portfolio Holder)

All

Local Member

All

Appendices

1. Audited Statement of Accounts 2013/14 – Hard copy to be held in the member's library and an electronic copy will be circulated to members and made available on the web.
2. Annual Governance Statement – Hard copy to be held in the member's library and an electronic copy will be circulated to members and made available on the web.

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Statement of Accounts

2013-2014



ANNUAL STATEMENT OF ACCOUNTS 2013/14

The Statement of Accounts is the formal financial report on the Council's activities as required by the Accounts and Audit Regulations 2011, and other statutory provisions.

The statement includes:

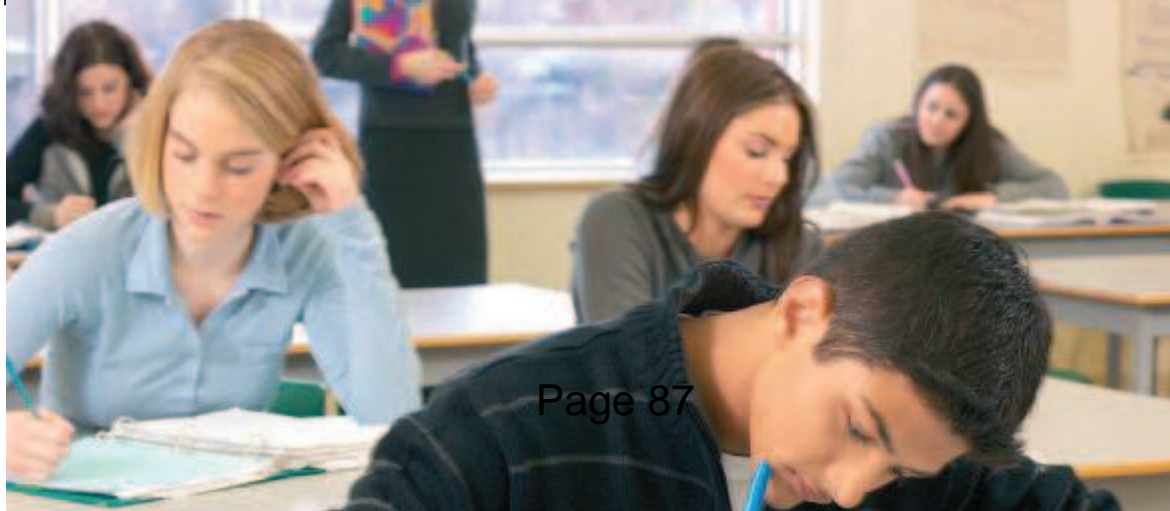
1. An Explanatory Foreword (pages 1 to 11)
2. The Statement of Responsibilities (pages 12 to 13)
3. The Audit Opinion and Certificate (page 14 to 16)
4. The Core Financial Statements comprising:-
 - The Movement in Reserves Statement (pages 17 to 18)
 - The Comprehensive Income and Expenditure Statement (page 19)
 - The Balance Sheet (page 20)
 - The Cash Flow Statement (page 21)
5. The Notes to the Core Financial Statements (pages 22 to 105)
6. Group Accounts:
 - Introduction (pages 106 to 107)
 - The Group Movement in Reserves Statement (page 108 to 110)
 - The Group Comprehensive Income and Expenditure Statement (pages 111 to 112)
 - The Group Balance Sheet (page 113)
 - The Group Cash Flow Statement (page 114)
 - The Group Account Notes (page 115)
7. The Pension Fund Accounts (pages 116 to 122)
8. The Housing Revenue Account (pages 123 to 128)
9. The Collection Fund (pages 129 to 130)
10. Glossary (pages 131 to 142)

Further information about the Council's Accounts can be obtained from the Finance Department at the Shirehall.

For details please contact James Walton on (01743) 255011, or Cheryl Williams on (01743) 258937.

James Walton
Head of Finance, Governance & Assurance

Section 1 Explanatory Foreword



The Statement of Accounts

The purpose of the Statement of Accounts is to give electors, those subject to locally levied taxes and charges, Members of the Council, employees and other interested parties clear information about the Council's finances. The format of the Statement of Accounts is governed by The Code of Practice on Local Authority Accounting in the United Kingdom, published by CIPFA (the Code). To make the document as useful as possible to its audience and so as to make meaningful comparisons between authorities possible the Code requires:

- All Statement of Accounts to reflect a common pattern of presentation, although at the same time not requiring them to be in an identical format.
- Interpretation and explanation of the Statement of Accounts to be provided.
- The Statement of Accounts and supporting notes to be written in plain language.

For 2013/14 the following changes have been made within the Code to reflect changes in accounting practices and accounting standards. The key changes affecting the Council's statement of accounts are detailed below:

- Post employment benefits – adjustments to the classification, recognition, measurement and disclosure requirements of IAS19. This has resulted in amended disclosures within the notes to the accounts.
- New requirements for accounting for business rates retention. As this is the first year of the localisation of business rates in England, the Collection Fund has been amended in order to reflect the revised accounting requirements.

This statement of accounts comprises various sections and statements, which are briefly explained below:

- **An Explanatory Foreword** – this provides information on the format of this Statement of Accounts as well as a review of the financial position of the Council for the financial year 2013/14.
- **The Statement of Responsibilities** – this details the responsibilities of the Council and the Chief Financial Officer concerning the Council's financial affairs and the actual Statement of Accounts.
- **The Audit Opinion and Certificate** – this is provided by the external auditor following the completion of the annual audit.
- **The Core Financial Statements**, comprising:
 - **The Movement in Reserves Statement** – this shows the movement in the year on the different reserves held by the authority which is analysed into 'usable reserves' and other reserves.

EXPLANATORY FOREWORD

- **The Comprehensive Income and Expenditure Statement** – this is fundamental to the understanding of a Council's activities. It brings together all of the functions of the Council and summarises all of the resources the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise council tax according to different rules and for the ability to divert particular expenditure to be met from capital resources.
- **The Balance Sheet** – like the Income and Expenditure Statement this is also fundamental to the understanding of the Council's financial position as at 31 March 2014. It shows the balances and reserves at the Council's disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.
- **The Cash Flow Statement** – this consolidated statement summarises the Council's inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement, as cash in hand and cash equivalents.
- **The Notes to the Core Financial Statements** provide supporting and explanatory information on the Core Financial Statements and include the Council's accounting policies.
- **Group Accounts** – group financial statements are required in order to reflect the variety of undertakings that local authorities conduct under the ultimate control of the parent undertaking of that group. The group accounts should also include any interests where the authority is partly accountable for the activities because of the closeness of its involvements i.e. in associates and joint ventures.
- **The Pension Fund Accounts** – the Shropshire County Pension Fund is administered by this Council, however, the pension fund has to be completely separate from the Council's own finances. This statement is an extract from the pension fund annual report and summarises the financial position of the Shropshire County Pension Fund, including all income and expenditure for 2013/14 and assets and liabilities as at 31 March 2014.
- **The Housing Revenue Account** – There is a statutory duty to account separately for local authority housing provision.
- **The Collection Fund** – This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.

A glossary to the Statement of Accounts is also included to help to make, what is ultimately a very technical accounting document, more understandable to the reader.

EXPLANATORY FOREWORD

Financial Report

This section of the Statement of Accounts for 2013/14 sets out:

- The revenue outturn for 2013/14
- The capital programme for 2013/14 – 2016/17
- The capital outturn for 2013/14
- A note on the Council's Borrowing Position
- A note on the Investment Strategy of the Council
- A note on the Pensions Liability within the Statement of Accounts
- Current and future prospects

Revenue Outturn for 2013/14

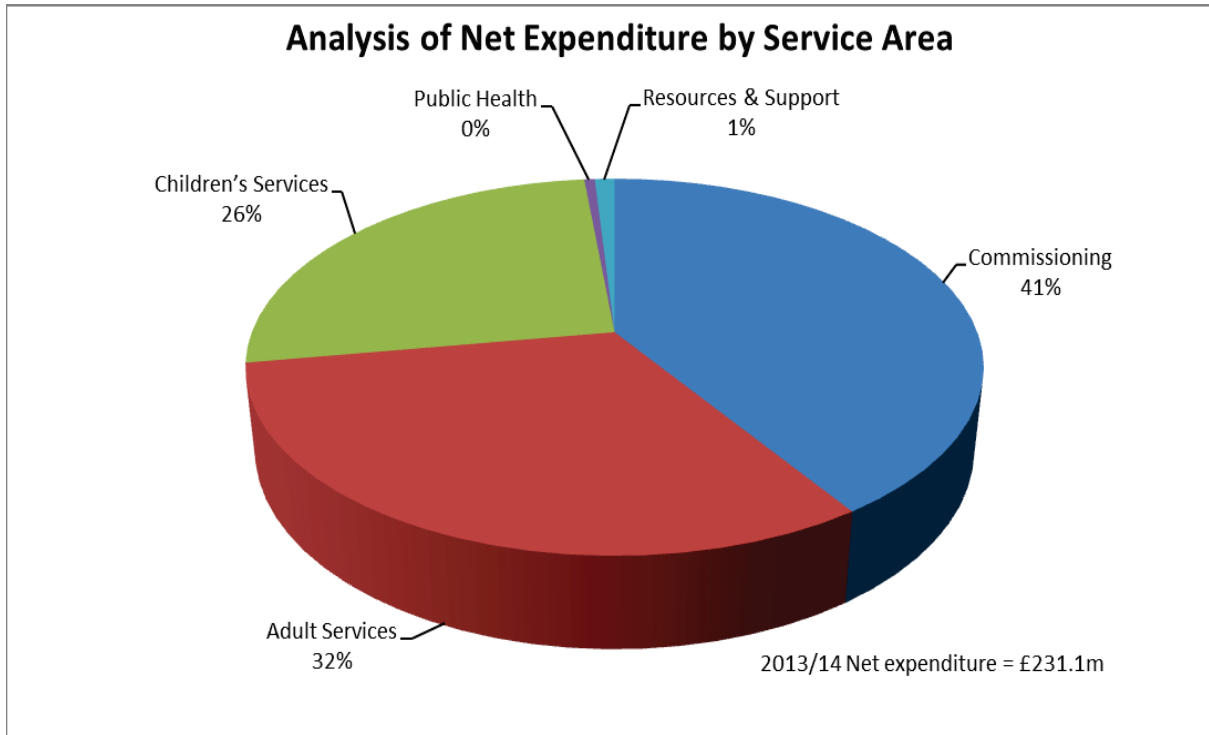
Revenue budgets are monitored and reported regularly in order that service areas can identify any problem areas and take the necessary action to deal with the issues arising. Budget monitoring reports during the course of the year have shown the following position:

	Month 3 £000	Month 4 £000	Month 5 £000	Month 6 £000	Month 9 £000	Month 10 £000	Month 11 £000	Outturn £000
Commissioning	12	0	113	(335)	(887)	166	(933)	(873)
Adult Services	3	1,914	2,895	2,895	4,646	4,189	4,163	4,014
Children's Services	400	779	401	381	(92)	(498)	(551)	(584)
Public Health	(36)	(22)	(26)	(26)	(42)	(43)	(320)	(274)
Resources & Support	48	27	166	(276)	(1,684)	(1,872)	(1,771)	(2,673)
TOTAL	427	2,699	3,549	2,639	1,941	1,942	588	(390)

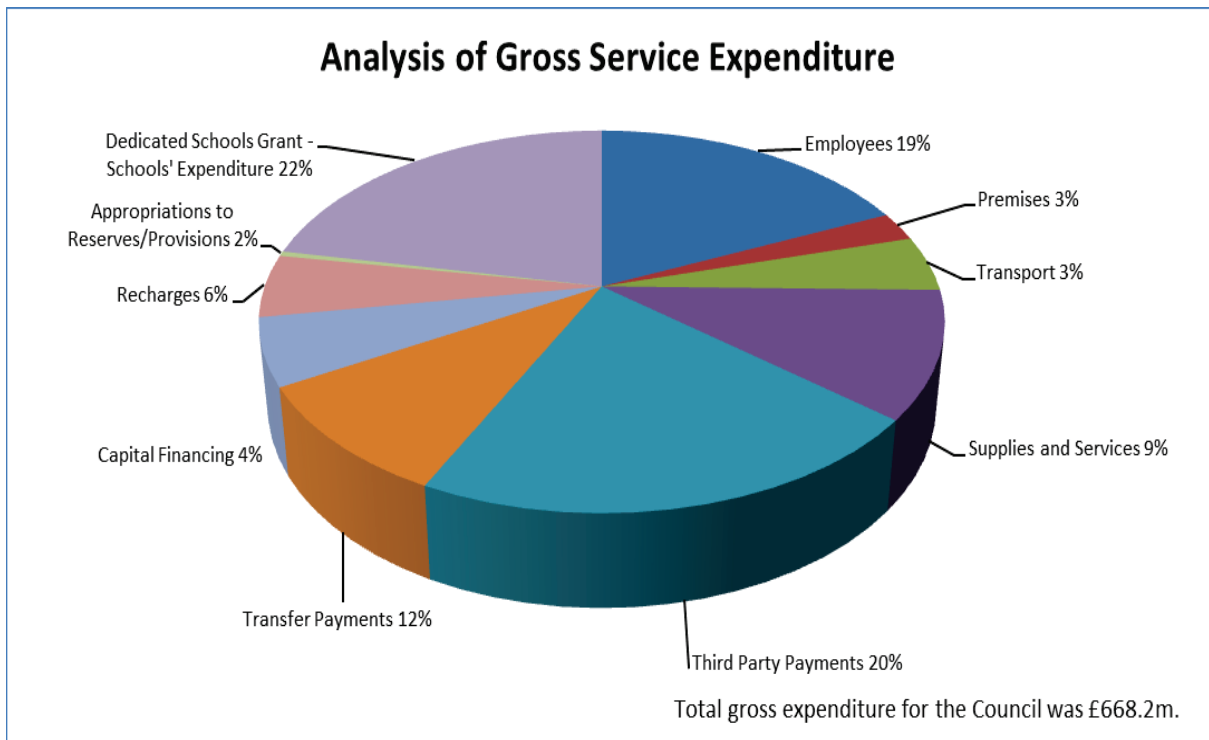
The final outturn position for each Service Area is shown in the table below which compares actual net expenditure with the approved budget.

	Final Budget £000	Actual Outturn £000	Over/ (Under) £000
Commissioning	94,862	93,989	(873)
Adult Services	69,355	73,369	4,014
Children's Services	60,709	60,125	(584)
Public Health	1,545	1,271	(274)
Resources & Support	5,061	2,388	(2,673)
TOTAL	231,532	231,142	(390)

EXPLANATORY FOREWORD

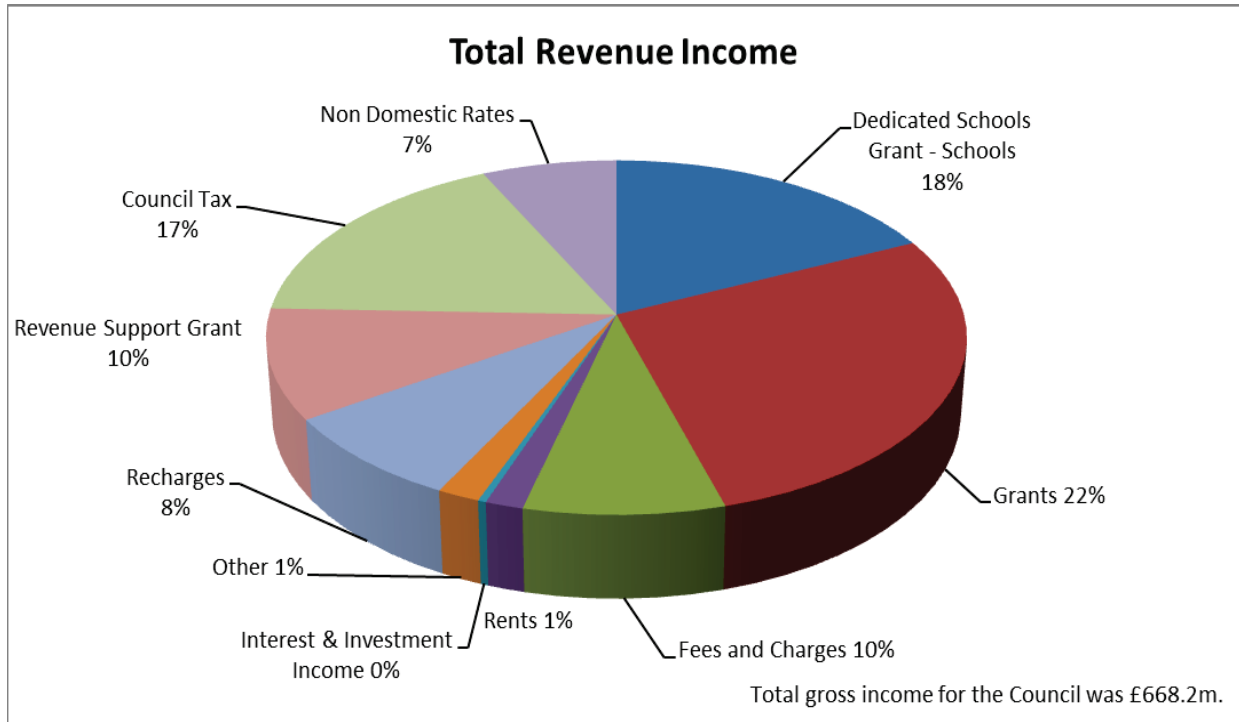


The gross expenditure for the Council was £668.2m, which was spent on the following types of expenditure:



The total sources of income, including service income and income received centrally, is shown in the pie chart below.

EXPLANATORY FOREWORD



The overall underspend of £0.399m against service area's budgets represents 0.06% of the original gross budget of £639m.

In addition, School balances, including invested sums, have increased by £0.902m from the previous year. Schools' balances have to be ring-fenced for use by schools, and schools have the right to spend those balances at their discretion.

Further detail on the Council's service expenditure can be found within the Comprehensive Income & Expenditure Statement and Note 29 to the Accounts.

The Capital Programme 2013/14 to 2016/17

The Capital Strategy for the four years 2013/14 to 2016/17 details the capital schemes that Council plans to deliver in that period. The Strategy is based around two over-riding principles:

- It is priority led capital programme is priority led, in that it particularly reflects the purpose and priorities of the Council; and
- That the ongoing revenue costs of the capital programme are affordable.

The table below provides a summary of the capital budget for 2013/14 to 2016/17 as included in the 2013/14 Budget Book.

EXPLANATORY FOREWORD

Service Area	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
General Fund				
Commissioning	46,669	25,598	9,080	0
Adult Services	1,532	765	0	0
Children's Services	12,140	4,940	0	0
Resources & Support	2,939	50	50	0
Total General Fund	63,280	31,353	9,130	0
Housing Revenue Account	5,131	8,931	3,287	0
Total Capital Programme	68,411	40,284	12,417	0

The Council can fund its capital expenditure from several sources, each with its own advantages and limitations. The main source of funding is Central Government Grants, most of which is for schools and for highways and transportation schemes. For each of these service areas, funding is allocated by the appropriate Government department in accordance with underlying data held.

The table below provides a summary of the capital financing for the capital budget as per the 2013/14 Budget Book.

Financing	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Self Financed Prudential Borrowing	9,206	874	750	0
Capital Grants & Contributions	36,192	25,826	0	0
Revenue Contributions	2,678	2,497	300	0
Major Repairs Allowance	3,200	5,700	3,200	0
Corporate Resources (Capital Receipts/ Prudential Borrowing)	17,135	5,387	8,167	0
	68,411	40,284	12,417	0

Capital Outturn for 2013/14

The Capital Budget is monitored throughout the year to identify any pressures and re-profile budgets based on revised expenditure projections. The budget changes as a result of slippage from the previous financial years capital programme, new capital allocations received or reductions in existing allocations and re-profiling of capital allocations between financial years.

The table below provides a summary of the revised capital budget and expenditure for 2013/14 as at outturn and slippage into the next financial year.

EXPLANATORY FOREWORD

Service Area	Revised Budget 2013/14 £000	Actual Spend 2013/14 £000	Variance 2013/14 £000
General Fund			
Commissioning	31,454	27,732	3,722
Adult Services	785	484	301
Children's Services	10,180	8,587	1,593
Resources & Support	969	627	342
Total General Fund	43,388	37,430	5,958
Housing Revenue Account	3,996	3,276	720
Total Capital Programme	47,384	40,706	6,678

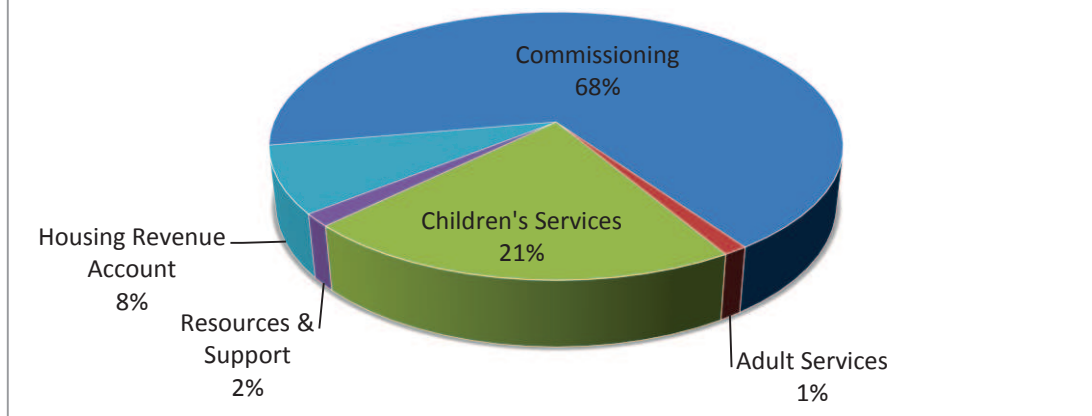
The table below provides a summary of the capital financing for the actual capital expenditure for 2013/14.

Financing	2013/14 £000
Self Financing Prudential Borrowing	(87)
Capital Grants & Contributions	31,134
Revenue Contributions	2,440
Major Repairs Allowance	1,894
Corporate Resources (Prudential Borrowing/Capital Receipts)	5,325
	40,706

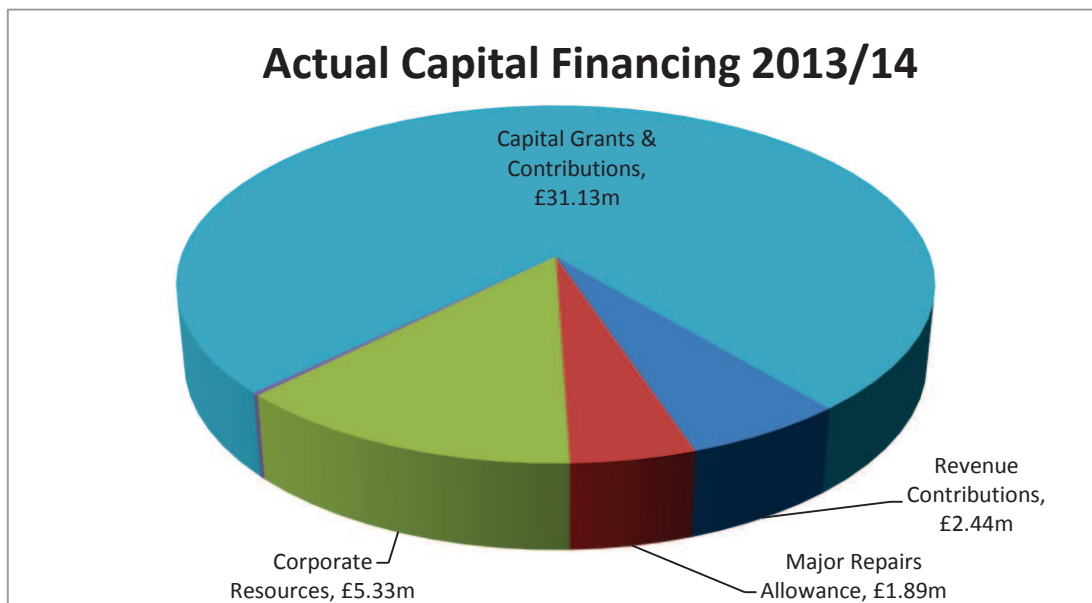
The areas of most significant expenditure for schemes undertaken in 2013/14 are as follows:

	Expenditure 2013/14 £000	Scheme Total Budget £000
Commissioning		
Whitchurch Civic Centre	537	745
Highways, Bridges & Street Lighting Infrastructure	13,555	Ongoing
Integrated Transport Plan	1,752	Ongoing
Disabled Facilities Grants	885	Ongoing
Shrewsbury Music Hall	4,870	10,700
Shrewsbury Business Park Phase 2 Extension	1,042	1,525
Affordable Housing Schemes	1,032	Ongoing
Broadband	110	16,040
Adult Services		
Mount Pleasant - Shared Development Site	293	470
Raven Site Development, Market Drayton	173	571
Children's Services		
Early Years Schemes	606	Ongoing
Primary School Schemes	1,109	Ongoing
Primary School Amalgamation Programme	3,827	Ongoing
Asset Management Plan Schemes	1,206	Ongoing
Devolved Formula Capital - Allocated by schools	860	Ongoing
Resources & Support		
Gypsy Sites	424	2,618
Housing Revenue Account		
Housing Major Repairs Programme	2,011	Ongoing
New Build Programme	1,113	7,224

Actual Capital Expenditure 2013/14



Actual Capital Financing 2013/14



Borrowing

The Council undertakes long term borrowing, for periods in excess of one year, in order to finance capital spending. The Council satisfies its borrowing requirement for this purpose by securing external loans. However, the Council is able to temporarily defer the need to borrow externally by using the cash it has set aside for longer term purposes; this practice means that there is no immediate link between the need to borrow to pay for capital spend and the level of external borrowing. The effect of using the cash set aside for longer term purposes to temporarily defer external borrowing is to reduce the level of cash that the Council has available for investment.

Due to the reduction in the capital programme and slippage within the programme, there has been no additional borrowing required for current schemes.

Investments

The Council's Annual Investment Strategy, which is incorporated in the Treasury Management Strategy, outlines the Council's investment priorities as the security and liquidity of its capital.

The Council will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term, and only invest with highly credit rated financial institutions using the Sector suggested creditworthiness matrices, including Credit Default Swap (CDS) overlay information provided by Sector.

A list of counterparties with whom funds could be invested was compiled with reference to the credit ratings issued by the credit agencies Fitch, Moody's and Standard & Poor.

Further details of investment activities are provided within Note 46, which commences on page 96.

Local Government Pension Scheme

The Council accounts for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. This means that:

- The financial statements reflect the liabilities arising from the Council's retirement obligations.
- The costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned by employees, and the related finance costs and any other changes in value of assets and liabilities are recognised in the accounting periods in which they arise.
- The financial statements disclose the cost of providing retirement benefits and related gains, losses, assets and liabilities.

As at 1 April 2013, the Council's net pensions liability amounted to £350m. In comparison, the deficit amounts to £297m at 31 March 2014. Statutory requirements for funding the deficit means the financial position of the Council remains healthy, as the deficit will be met by increased contributions over the remaining working life of employees.

Further details on the basis on which the Council accounts for retirement benefits are provided within the Accounting Policies in note 1 on page 22, and the change to the pension liability in 2013/14 is analysed in note 43 to the accounts.

Current and Future Prospects

As a council, we are focusing on delivering better outcomes for our customers. Everything we undertake should work towards fulfilling one or more of these outcomes, with an emphasis on ensuring that our priorities are delivered.

This is summarised below, and forms the backdrop for delivering the Council's Medium Term Financial Plan over the next three years.

EXPLANATORY FOREWORD

Shropshire Council has continued with its policy of reducing the level of prudential borrowing for the capital programme by funding schemes by capital receipts instead. The level of capital receipts required over the period 2014/15 – 2016/17 is £25.8m and the council is continuing with its asset management strategy to identify whether these potential receipts can be generated.

Section 2

Statement of Responsibilities



STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, the responsibility is allocated to the Head of Finance, Governance & Assurance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

Responsibilities of Head of Finance, Governance & Assurance

The Head of Finance, Governance & Assurance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code").

In preparing this Statement of Accounts, the Head of Finance, Governance & Assurance has:

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

The Head of Finance, Governance & Assurance has also:

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

CERTIFICATE OF CHIEF FINANCIAL OFFICER

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position and the income and expenditure of the Council for the year ended 31 March 2014 and also that the Statement of Accounts complies with the requirements of the Accounts and Audit Regulations 2011, and that the Pension Fund Accounts as set out in the separate publication of Shropshire County Pension Fund Annual Report 2013/14 also complies with these Regulations.

James Walton
Head of Finance, Governance & Assurance
25 September 2014

STATEMENT OF RESPONSIBILITIES

Approved by Council

The council's Statement of Accounts for 2013/14 was formally approved at a meeting of the Council on 25 September 2014.

Malcolm Pate
Chairman of the Council
25 September 2014

Section 3

Audit Opinion & Certificate



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHROPSHIRE COUNCIL

Opinion on the financial statements

We have audited the financial statements of Shropshire Council for the year ended 31 March 2014 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 Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group 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 2013/14.

This report is made solely to the members of Shropshire 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. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Head of Finance, Governance and Assurance and auditor

As explained more fully in the Statement of the Head of Finance, Governance and Assurance Responsibilities, the Head of Finance, Governance and Assurance 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. Our 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 us 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 Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance, Governance and Assurance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

AUDIT OPINION AND CERTIFICATE

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Shropshire Council as at 31 March 2014 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

Opinion on other matters

In our 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 we report by exception

We report to you if:

- in our 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;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

The Authority 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.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority 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 us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

AUDIT OPINION AND CERTIFICATE

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

We have undertaken our 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 2013, as to whether the Authority 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 us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Shropshire Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed our consideration of matters brought to our attention by local authority electors. We are satisfied that these matters do not have a material effect on the financial statements or a significant impact on our value for money conclusion.

Grant Patterson
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Colmore Plaza,
20 Colmore Circus,
Birmingham
B4 6AT

xx September 2014

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	General Fund Balance * £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2013	11,528	42,989	1,041	1,402	3,909	60,869	504,453	565,322
<u>Movement in reserves during 2013/14</u>								
Surplus or (deficit) on the provision of services	(98,168)	0	(844)	0	0	(99,012)	0	(99,012)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	53,580	53,580
Total Comprehensive Income and Expenditure	(98,168)	0	(844)	0	0	(99,012)	53,580	(45,432)
Adjustments between accounting basis & funding basis under regulations (Note 7)	98,793	0	2,344	2,320	(1,123)	102,334	(102,334)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	625	0	1,500	2,320	(1,123)	3,322	(48,754)	(45,432)
Transfers to/(from) Earmarked Reserves (Note 8)	7,866	(7,870)	4	0	0	0	0	0
Increase/(Decrease) in 2013/14	8,491	(7,870)	1,504	2,320	(1,123)	3,322	(48,754)	(45,432)
Balance at 31 March 2014	20,019*	35,119	2,545	3,722	2,786	64,191	455,699	519,890

* Includes General Fund Balances of £14.497m and School Balances of £5.522m.

MOVEMENT IN RESERVES STATEMENT

Restated	General Fund Balance * £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2012	12,605	36,684	997	0	5,751	56,037	645,834	701,871
<u>Movement in reserves during 2012/13</u>								
Surplus or (deficit) on the provision of services	(61,672)	0	5,033	0	0	(56,639)	0	(56,639)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(79,910)	(79,910)
Total Comprehensive Income and Expenditure	(61,672)	0	5,033	0	0	(56,639)	(79,910)	(136,549)
Adjustments between accounting basis & funding basis under regulations (Note 7)	66,917	0	(4,985)	1,402	(1,842)	61,492	(61,492)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	5,245	0	48	1,402	(1,842)	4,853	(141,402)	(136,549)
Transfers to/(from) Earmarked Reserves (Note 8)	(6,322)	6,305	(4)	0	0	(21)	21	0
Increase/(Decrease) in 2012/13	(1,077)	6,305	44	1,402	(1,842)	4,832	(141,381)	(136,549)
Balance at 31 March 2013	11,528*	42,989	1,041	1,402	3,909	60,869	504,453	565,322

* Includes General Fund Balances of £6.820m and School Balances of £4.708m.

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

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

2012/13 (Restated)			2013/14			
Gross Expenditure £000	Income £000	Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
Expenditure on Continuing Services (Note 29)						
106,204	(37,690)	68,514	Adult Social Care	106,718	(30,535)	76,183
32,545	(26,361)	6,184	Central Services to the Public	10,687	(4,595)	6,092
266,100	(207,890)	58,210	Children's and Education Services	240,391	(184,852)	55,539
32,994	(10,761)	22,233	Cultural and Related Services	30,049	(9,063)	20,986
28,820	(5,703)	23,117	Environmental and Regulatory Services	32,811	(5,500)	27,311
36,918	(10,350)	26,568	Highways and Transport Services	41,760	(11,608)	30,152
9,796	(16,848)	(7,052)	Local Authority Housing (HRA)	15,642	(17,237)	(1,595)
83,252	(76,511)	6,741	Other Housing Services	81,701	(75,728)	5,973
16,256	(6,720)	9,536	Planning Services	16,037	(8,453)	7,584
0	0	0	Public Health*	10,409	(10,316)	93
4,547	0	4,547	Corporate and Democratic Core	5,078	0	5,078
537	0	537	Non Distributed Costs	(1,608)	0	(1,608)
617,969	(398,834)	219,135	Net Cost of Services	589,675	(357,887)	231,788
		58,897	Other Operating Expenditure (Note 9)			106,374
		38,786	Financing and Investment Income and Expenditure (Note 10)			33,024
		(260,179)	Taxation and Non Specific Grant Income (Note 11)			(272,174)
		56,639	(Surplus) or Deficit on Provision of Services			99,012
		11,269	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment assets			2,093
		14,804	Impairment Losses on Non-Current Assets Charged to the Revaluation Reserve			3,999
		53,836	Remeasurement of the Net Defined Benefit Liability			(59,672)
		79,909	Other Comprehensive Income and Expenditure			(53,580)
		136,548	Total Comprehensive Income and Expenditure			45,432

* Public Health Services transferred to the Council from the PCT on 1 April 2013.

BALANCE SHEET

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

31 March 2013		31 March 2014	
£000		£000	£000
	Property, Plant & Equipment (Note 12)		
158,839	Council Dwellings	151,124	
687,418	Land & Buildings	576,433	
12,702	Vehicles, Plant and Equipment	8,873	
307,300	Infrastructure	311,906	
4,161	Community	3,710	
7,881	Assets Under Construction	8,193	
375	Surplus Assets Not Held for Sale	1,973	
2,468	Heritage Assets (Note 13)	2,475	
31,694	Investment Property (Note 14)	28,878	
864	Intangible Assets (Note 15)	776	
5,232	Assets Held for Sale (Note 20)	1,519	
1,218,934	Total Non Current Assets		1,095,860
812	Long Term Investment (Note 16)	400	
3,140	Long Term Debtors (Note 16)	3,139	
1,222,886	Total Long Term Assets		1,099,399
	Current Assets		
9,328	Short Term Investments (Note 16)	39,100	
710	Inventories (Note 17)	966	
54,806	Short Term Debtors (Note 18)	68,715	
84,817	Cash & Cash Equivalents (Notes 16 & 19)	70,785	
149,661	Total Current Assets		179,566
1,372,547	Total Assets		1,278,965
	Current Liabilities		
(6,937)	Bank Overdraft (Notes 16 & 19)	(17,586)	
(12,399)	Short Term Borrowing (Note 16)	(7,397)	
(48,710)	Short Term Creditors (Note 21)	(54,465)	
(6,021)	Provisions (Note 22)	(4,492)	
(12,738)	Grants Receipts in Advance - Revenue (Note 36)	(10,628)	
0	Grants Receipts in Advance - Capital (Note 36)	(1,040)	
(86,805)	Total Current Liabilities		(95,608)
1,285,742	Total Assets Less Current Liabilities		1,183,357
	Long Term Liabilities		
(729)	Long Term Creditors (Note 16)	(719)	
(342,825)	Long Term Borrowing (Note 16)	(337,768)	
(22,780)	Other Long Term Liabilities (Note 39)	(22,685)	
(349,517)	Pensions Liability (Note 43)	(297,394)	
(4,491)	Provisions (Note 22)	(4,901)	
(78)	Grants Receipts in Advance - Capital (Note 36)	0	
(720,420)	Total Long Term Liabilities		(663,467)
565,322	Net Assets		519,890
	Financed by:		
60,869	Usable Reserves (Note 23)	64,191	
504,453	Unusable Reserves (Note 24)	455,699	
565,322	Total Reserves		519,890

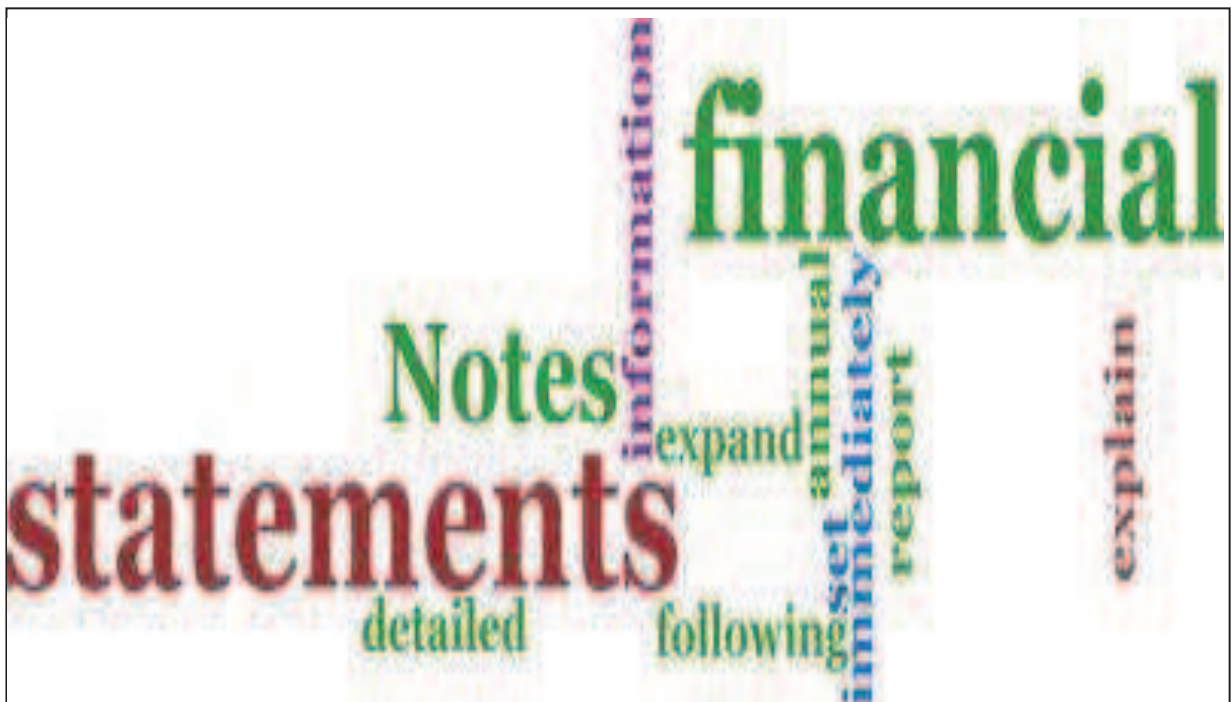
CASH FLOW STATEMENT

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

2012/13 (Restated) £000	Revenue Activities	2013/14	
		£000	£000
56,639	Net (surplus) or deficit on the provision of services	99,012	
(105,219)	Adjust net surplus or deficit on the provision of services for non cash movements	(144,532)	
41,978	Adjust for items in the net surplus or deficit on the provision of services that are investing and financing activities	67,684	
(6,602)	Net cash flows from Operating Activities (Notes 25 and 26)		22,164
(2,830)	Investing Activities (Note 27)	(8,821)	
5,846	Financing Activities (Note 28)	11,338	
(3,586)	Net (increase) or decrease in cash and cash equivalents		24,681
74,294	Cash and cash equivalents at the beginning of the reporting period		77,880
77,880	Cash and cash equivalents at the end of the reporting period (Note 19)		53,199

Section 5

Notes to the Core Financial Statements



1. Accounting Policies

1.1 General

The Statement of Accounts summarises the Authority's transactions for the 2013/14 financial year and its position at the year end of 31 March 2014. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted by the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Accruals of Expenditure and Income

Revenue transactions are recorded on an accruals basis in accordance with proper accounting practices. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3. Cash and Cash Equivalents

Cash is defined for the purpose of this statement, as cash in hand and deposits with financial institutions repayable on demand without penalty on notice. Cash equivalents are short term, highly liquid investments, normally with a maturity of 90 days or less, that are readily convertible to known amounts of cash.

1.4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

1.5. Non Current Assets - Intangible

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the Council as a result of past events, and future economic or service benefits must be expected to flow from the intangible asset to the authority (e.g. computer software licences).

Intangible assets are recognised based on cost and are amortised over the economic life of the intangible asset to reflect the pattern of consumption of benefits. Only intangible assets included in the capital programme are capitalised. Each intangible asset is assessed in terms of economic life, usually up to five years.

1.6. Non Current Assets – Property, Plant and Equipment

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

Recognition

The cost of an item of property, plant and equipment shall only be recognised (and hence capitalised) as an asset on the balance sheet if, and only if:

- It is probable that the future economic benefits or service potential associated with the item will flow to the entity, and
- The cost of the item can be measured reliably.

Costs that meet the recognition principle include initial costs of acquisition, production or construction of assets for use by, or disposal to, a person other than the local authority; and costs incurred subsequently to enhance, replace part of, or service the asset. Subsequent costs arising from day-to-day servicing of an asset (i.e. labour costs and consumables), commonly referred to as 'repairs and maintenance', should not be capitalised if they do not meet the recognition principle because the expenditure does not add to the future economic benefits or service potential of the asset and should be charged to revenue.

In relation to Schools, the Council only recognises Community schools within the balance sheet. Foundation, Voluntary Aided, Voluntary Controlled and Academy schools (on 125 year peppercorn lease) are not recognised on the basis that the Council does not have control over the service provided in these schools. The only exception to this is schools that should have transferred to Diocese or Governor ownership under Education Legislation; but the legal transfer has not been completed. These are still recognised in the Council balance sheet with an additional note disclosing that they are due to transfer.

For schools transferring to Academy status the assets are written out of the balance sheet as at the date that the asset transfers. Additional notes are included in the accounts disclosing details of any schools where approval by the Department of Education to transfer the School to Academy has been granted, but the school has not transferred by the balance sheet date.

Initial Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost and capitalised on an accruals basis. Accruals are made for capital works with a value of £75,000 or more undertaken but not paid for by the end of the financial year.

Measurement after recognition

Property, plant and equipment assets are subsequently valued at fair value on the basis recommended by the Code of Practice on Local Authority Accounting and in accordance with The Royal Institution of Chartered Surveyors (RICS) Valuation Standards. Property, plant and equipment assets are classified into the groupings required by the Code of Practice on Local Authority Accounting and valued on the following bases:

Category	Valuation Method (Fair Value definition)
<u>Operational</u>	
Council Dwellings Land & Buildings	Existing Use Value – Social Housing (EUV-SH) Existing Use Value (EUV) – in accordance with UKPS 1.3 of the RICS Valuation Standards.
Vehicles, Plant & Equipment Infrastructure Community Assets	Depreciated Replacement Cost (DRC) – for specialist properties where there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold. Depreciated Historic Cost (HC) Historic Cost (HC) Historic Cost (HC)
<u>Non-operational</u>	
Surplus Assets	Existing Use Value (EUV) or Depreciated Replacement Cost (DRC) applying the same assumptions relating to the level of usage, etc. as those of the most recent valuation as an operational asset
Assets Under Construction	Historic Cost (HC)

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. When new material assets are acquired/constructed or assets substantially enhanced, the asset will be valued in the financial year in which the asset becomes operational. When an asset is re-valued, any accumulated depreciation and impairment at the date of valuation shall be eliminated

against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset.

The Housing Revenue Account Council Dwellings are subject to an annual review of value in line with regional data provided by the Office for National Statistics (ONS).

Where the carrying amount of property, plant and equipment is increased as a result of a revaluation, the increase shall be recognised in the Revaluation Reserve, unless the increase is reversing a previous impairment loss charged to Surplus or Deficit on the Provision of Services on the same asset or reversing a previous revaluation decrease charged to Surplus or Deficit on the Provision of Services on the same asset.

Where the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation, i.e. a significant decline in an asset's carrying amount during the period that is not specific to the asset (as opposed to an impairment, see 1.9), the decrease shall be recognised in the Revaluation Reserve up to the credit balance existing in respect of the asset (i.e. up to its historical cost) and thereafter in Surplus or Deficit on the Provision of Services.

Componentisation

Where components of an asset are significant in value in relation to the total value of the asset and they have substantially different economic lives, they are recognised and depreciated separately. The requirement for componentisation for depreciation purposes is applicable to enhancement and acquisition expenditure and revaluations carried out from 1 April 2010. Significant assets for this purpose are properties with a capital value of £2.5m or over, where depreciation is £100,000 per annum or over, or any component that represents 25% of the total capital value.

Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised:

- On disposal, or
- When no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an asset shall be the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss arising from derecognition of an asset shall be included in the Surplus or Deficit on the Provision of Services when the item is derecognised.

If the asset derecognised was carried at a re-valued amount, an additional entry is required; the balance on the Revaluation Reserve in respect of the asset derecognised is written off to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

A proportion (based on Agreement – Section 11(6) of the Local Government Act 2003) of receipts relating to dwellings disposed of under the Right to Buy Scheme are payable to the Government through the pooling system. The proportion that is required to be paid over to central government as a 'housing pooled capital receipt' is charged to Surplus or Deficit on the Provision of Services and the same amount appropriated from the Capital Receipts Reserve and credited to the General Fund Balance is reported in the Movement in Reserves Statement. Disposals of other Housing Revenue Account assets are subject to a 50% pooling requirement, however, the Council has opted to set

a Capital Allowance to enable the full receipt to be retained for affordable housing schemes.

Where a component of an asset is replaced or restored, the carrying amount of the old component is derecognised, based on the cost of the new component indexed back to the last valuation date. Where the new expenditure is deemed to also enhance the component of the original asset e.g. energy efficiency schemes the carrying amount of old component is reduced further based on an assessment of the level of enhancement.

1.7. Investment Properties

An Investment property is a property held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of operations.

Investment properties shall be initially measured at cost and thereafter at fair value, which is interpreted as the amount that would be paid for the asset in its highest and best use, i.e. market value (MV).

Investment properties held at fair value are not depreciated. The fair value of investment properties shall reflect market conditions at the Balance Sheet date; this means the periodic (5-yearly) revaluation approach may only be used where the carrying amount does not differ materially from that which would be determined using fair value at Balance Sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

1.8. Non-Current Assets Held for Sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continued use. The following criteria have to be met before an asset can be classified as held for sale under this section of the Code:

- The asset must be available for immediate sale in its present condition.
- The sale must be highly probable; with an active programme to dispose of the asset.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to complete within one year of the date of classification.

Assets Held for Sale are valued at the lower of their carrying amount and fair value (market value) less costs to sell at initial reclassification and at the end of each reporting date, and are not subject to depreciation. Investment Properties that are to be disposed of are not reclassified as an Asset Held for Sale and remain as Investment Properties until disposed of.

1.9. Impairment

At the end of each reporting period an assessment takes place as to whether there is any indication that an asset may be impaired. Examples of events and changes in circumstances that indicate an impairment may have incurred include:

- A significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period, that is specific to the asset;
- Evidence of obsolescence or physical damage of an asset;
- A commitment by the authority to undertake a significant reorganisation; or
- A significant adverse change in the statutory or other regulatory environment in which the authority operates.

An impairment loss on a re-valued asset is recognised in the Revaluation Reserve (to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset) and thereafter in Surplus or Deficit on the Provision of Services.

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

1.10. Depreciation

Land and buildings are separate assets and are accounted for separately, even when they are acquired together. Depreciation applies to all property, plant and equipment, whether held at historical cost or re-valued amount, with the exception of:

- Investment properties carried at fair value;
- Assets Held for Sale; and
- Land where it can be demonstrated that the asset has an unlimited useful life (excluding land subject to depletion, i.e. quarries and landfill sites).

An asset is not depreciated until it is available for use and depreciation ceases at the earlier of: the date the asset is classified as held for sale and the date the asset is derecognised.

The finite useful life of an asset is determined at the time of acquisition or revaluation. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation is calculated using the straight-line method, with the exception of Council Dwellings for which the depreciation charge is based on the Major Repairs Allowance for the year as this is considered to be a reasonable estimate of depreciation.

On a re-valued asset, a transfer between the Revaluation Reserve and Capital Adjustment Account shall be carried out which represents the difference between depreciation based on the re-valued carrying amount of the asset and the depreciation based on the asset's historical cost.

1.11. Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and Impairment losses used by relevant services in excess of any balance on the Revaluation Reserve for the asset.
- Amortisation of intangible fixed assets attributable to the service.

Depreciation, amortisation, impairments, revaluation gains or losses charged to the Surplus or Deficit on the Provision of Services are not proper charges to the General Fund or Housing Revenue Account. Such amounts are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement. The only exception is depreciation charges for HRA dwellings and other properties, which are real charges to the HRA since the Major Repairs Allowance constitutes a reasonable estimate of depreciation for HRA dwellings.

This ensures the Council is not required to raise Council Tax to cover depreciation, amortisation or revaluation/impairment losses. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement; further details are provided at Accounting Policy 1.15 (The Redemption of Debt). Depreciation, amortisation and revaluation/impairment losses are therefore replaced by revenue provision transferred from the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Interest payable is reported within Net Operating cost within the Income and Expenditure Account and depreciation, calculated in accordance with Accounting Policy 1.10 (Depreciation), is charged directly to service revenue accounts.

Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately on the Movement on Reserves Statement.

1.12. Revenue Expenditure Funded from Capital under Statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the authority, and amounts directed under section 16(2) of Part 1 of the Local Government Act 2003.

Such expenditure is charged to Surplus or Deficit on the Provision of Services in accordance with the general provisions of the Code. Any statutory provision that allows capital resources to meet the expenditure shall be accounted for by debiting the Capital Adjustment Account and crediting the General Fund Balance and shown as a reconciling item in the Movement in Reserves Statement.

1.13. Heritage Assets

Tangible Heritage Assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained by the Council principally for their contribution to knowledge and culture. Intangible heritage asset are intangible assets with cultural, environmental, or historical significance.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, due to the unique nature of Heritage Assets, some of the measurement rules are relaxed in relation to the categories of Heritage Assets held as detailed below. This is due to the lack of valuation information and the disproportionate cost of obtaining the information in comparison to the benefits to the users of the Council's financial statements.

▪ **Outdoor Statues/Monuments/Historic Building Remains**

The Council has a small number of assets relating to Outdoor Statues/Monuments/Historic Building Remains. These assets are reported on the balance sheet, but valuation of these assets is not practical due to the unique nature and lack of comparable market values. These assets are held on the balance sheet at depreciated historic cost, where this is available. Where historic cost information is not available due to the age of the asset, the assets are held at nil value.

The Council's Historical Environment Team, including the Shropshire Archaeology Service manage the Council's historic environment and archaeological sites. The Council does not consider that reliable cost or valuation information can be obtained for the assets held under the Historic Environment and Archaeology Service and the majority would fall into the de-minimus category. This is because of the unique nature of the assets held and lack of comparable market values. It is also recognised that the cost of obtaining this information outweighs any benefits. Consequently, the Council does not recognise these assets on the balance sheet, other than those included under Statues/Monuments/Historic Building Remains.

▪ **Museum and Archives artefacts**

Museum Service

The Shropshire Museum Service runs a countywide service which collects, documents, preserves, exhibits and interprets the material remains of Shropshire's natural and human history for public benefit. The service operates six museums and a museum resource centre.

The Museum Service holds 530,000 objects with an estimated 40% documented and 72,000 full catalogue entries. The collection includes items on loan to the service, but in general the Museum Service will not accept material on permanent or long term loan.

Principal collections held by the Museum Service include:

- Agricultural
- Archaeology (including Prehistory, Roman, Medieval, Post-Medieval and Foreign)
- Archives
- Biology
- Costume & Textiles
- Decorative & Applied Arts
- Ethnography
- Fine Art

- Geological
- Numismatics
- Social History

The Museum Service has a Collections Policy which contains the Acquisition and Disposal Policies together with more details of the Museum Service and the collections held.

The acquisition priorities vary between the principal collections based on existing gaps in the collection and the capabilities and resources available to the service to adequately store, conserve and display collections. For all collections there are defined procedures to be undertaken once it is established an item falls with the Museum Service's collecting policy as follows:

1. An acquisition statement is prepared which considers the items significance, relevance to the collection and potential impact upon the service.
2. The potential acquisition is discussed by the Museum Service's Curatorial Board which takes a decision on the appropriateness of the acquisition.

The Museum Service exercises due diligence and makes every effort not to acquire, whether by purchase, gift, bequest or exchange, any object or specimen unless the governing body can acquire a valid title to the item.

By definition, the Museum Service has a long-term purpose and should possess permanent collections in relation to its stated objectives. As a consequence there is a strong presumption against the disposal of any items in the museum's collection. In the event of the Museum Service closing the collections would be offered to other museum authorities and neither the collections nor individual items within them would be sold to generate income.

In exceptional circumstances, where the Museum Service is legally free to dispose of an item, any decision will only be taken after preparation of a full disposal statement for due consideration by the Curatorial Board and agreement of Cabinet. Decisions will not be taken with the principal aim of generating funds and any monies received will be applied for the benefit of the collections.

Complete holdings are not valued, as items are generally unique and full valuation would be extremely expensive; however, some significant items have a market valuation at purchase or insurance valuation. As a consequence only those items for which the Museum Service holds an existing valuation (above a de-minimus threshold of £5,000) are recognised in the balance sheet. These principally consist of fine art paintings and items of decorative art. These assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation. Any new acquisitions will be recognised at purchase price valuation. Assets are not subject to a revaluation cycle, with revaluations only undertaken where required by the Museum Service.

A full current valuation of the museum's heritage assets is not available as:

1. It is recognised that due to scale of the collection and current documentation issues mean that the cost of obtaining this information outweighs any benefits.

2. Items are generally held for their unique historic value for Shropshire rather than any financial value. This contextual relevance is hard to quantify in financial terms and in most cases makes the object unique.

Archives

The Shropshire archives and local studies service preserves and make accessible documents, books, maps, photographs, plans and drawings relating to Shropshire past and present. The collection consists of 807 cubic metres of archives, of which it is estimated 50% is catalogued, consisting of 260,000 existing record entries, across 8,500 separate collections. Not all material is owned by the Council, with a significant proportion on deposit from record owners. No reliable cost or valuation information is held for holdings, with items generally unique and valuation would be considered to be extremely expensive. Consequently the Council does not recognise these assets on the balance sheet.

Shropshire Archives has an Acquisition and Disposal policy. Shropshire Archives will acquire material for the study of all aspects of Shropshire past and present. Material will be acquired by transfer, gift, purchase or deposit. All gifts and deposits will be completed with a written agreement. Shropshire Archives will only acquire material if the responsible officer is satisfied that the vendor, donor or depositor has a valid title to the material and will not acquire material if it cannot provide adequate storage or professional care for it. Shropshire Archives will not acquire museum artefacts and will consult with other similar collecting institutions if a conflict of interest is thought possible.

Shropshire Archives will, with the written agreement of any depositor and subject to the terms of any statutory or other regulatory measure, transfer material to a more suitable collecting institution if it is judged that the material and potential users of that material will benefit from their re-location. All transfers shall be recorded.

Shropshire Archives will, with the written agreement of any depositor and subject to the terms of any statutory or other regulatory measure, evaluate and select for destruction or return, material not considered worthy of permanent preservation.

There is a strong presumption against the disposal by sale of any material in Shropshire Archives ownership. If materials are to be sold they should first be offered to other appropriate public collecting institutions. Any decision to sell materials shall be the responsibility of Shropshire Council on the advice of the County Archivist. All monies received by Shropshire Archives from the sale of material shall be used for the benefit of the Service's collections.

▪ **Civic Regalia**

The Council does not hold significant items of Civic Regalia and no current valuation information is held for these items. Consequently the Council does not recognise these assets on the balance sheet.

Heritage Assets – Impairment

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policy on impairment.

1.14. Capital Receipts

Capital receipts from the disposal of assets are held in the Usable Capital Receipts Reserve until such time as they are used to finance other capital expenditure or to repay debt. At the balance sheet date, the Council may opt to set-a-side capital receipts in-hand within the Capital Adjustment Account to reduce the Capital Financing Requirement and the Minimum Revenue Provision (MRP) charge for the following financial year.

1.15. The Redemption of Debt

The Council makes provision for the repayment of debt in accordance with the statutory "Minimum Revenue Provision" (MRP) requirements. For supported borrowing MRP is 4% p.a. of the adjusted (by the *A adjustment*) Capital Financing Requirement. For unsupported borrowing under the Prudential system MRP is calculated over the estimated life of the asset for which the borrowing is undertaken. This amount is transferred from the Capital Adjustment Account and reported in the Movement in Reserves Statement.

For HRA debt there is no mandatory requirement to make provision in the HRA for annual MRP payments. However, the Council will make annual voluntary provision for debt repayment in the HRA based on affordable levels in the HRA against the need for investment and delivering services in the HRA.

For assets under on-balance sheet PFI contracts and finance leases, the annual principal payment amount in the PFI or finance lease model is used as the MRP payment amount, with no additional charges above those within the contract.

Where the Council has made capital loans to third parties financed from the Councils balances, the annual repayments of principal amounts are treated as capital receipts and set aside in the Capital Adjustment Account in place of a revenue MRP charge.

1.16. Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

- 1) the lease transfers ownership of the asset to the lessee by the end of the lease term;
- 2) the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value so as to make it reasonably certain the option will be exercised;
- 3) the lease term is for the major part of the economic life of the asset;

- 4) the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- 5) the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

Should a yes response be given to two or more of the above questions, then consideration is given to treating the lease as a finance lease.

The Council as Lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the council's Revenue Account balance.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated. Leased land is treated as an operating lease. Leased buildings are assessed as to whether they are operating or finance leases.

The Council as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the council's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the council's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.17. Government Grants and Contributions

Revenue Grants

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution and there is reasonable assurance that the monies will be received. If there are outstanding conditions on the grant income the income is held on the Balance Sheet as a Government debtor/creditor. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure

(e.g. Revenue Support Grant and New Homes Bonus) are credited to the foot of the Comprehensive Income and Expenditure Statement after Net Operating Expenditure.

Capital Grants

Grants and contributions relating to capital expenditure shall be accounted for on an accruals basis, and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) that the authority has not satisfied.

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred at the Balance Sheet date, the grant or contribution shall be transferred from the General Fund (or Housing Revenue Account) to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement.

Community Infrastructure Levy

The Council has elected to charge Community Infrastructure Levy (CIL) with effect from 1 January 2012. The levy applies to planning applications for the following types of development:

- The formation of one or more new dwellings, (including holiday lets), either through conversion or new build, regardless of size (unless it is 'affordable housing'); or
- The establishment of new residential floor space (including extensions and replacements) of 100sqm or above.

The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund infrastructure projects. This will largely be capital expenditure and includes roads and other transport schemes, flood defences, schools and other education facilities, medical facilities, sporting and recreation facilities and open spaces. Five percent of CIL charges will be used to meet the administrative costs of operating the levy.

CIL is received without outstanding conditions; it is therefore recognised in the Comprehensive Income and Expenditure Statement in accordance with the Council CIL instalment policy, following commencement date of the chargeable development in accordance with the accounting policy for government grants and contributions set out above.

The only exception for this is CIL monies received on developments where the CIL Liability Notice has been issued after 25th April 2013. On these receipts 15% of gross receipt or 25% in areas with a statutory Neighbourhood Plan in place; is treated as the Neighbourhood Fund element. The Neighbourhood Fund is the portion of CIL provided directly to Town and Parish Councils to be used for the provision, improvement, replacement, operation or maintenance of infrastructure or anything else which is concerned with addressing the demands that development places on an area.

1.18. Financial Assets

The Council holds financial assets in the form of loans and receivables. These are assets that have fixed or determinable payments but are not quoted in an active market. The loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, adjusted for accrued interest receivable at the year end. Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to individuals at less than market rates (soft loans). Ordinarily when soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest would then be credited at a marginally higher effective rate of interest than the rate receivable from the individual, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance would be managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. However, the soft loans that the Council has made are not material to the accounts so the impact has not been incorporated into the Core Financial statements, instead Note 16 to the Core Financial Statements provides details about these soft loans.

1.19. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the borrowings that the Council has, this means the amount presented in the Balance Sheet is the outstanding principal repayable, adjusted for accrued interest payable at the year end. Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to

be spread over future years. The Council has a policy of spreading the gain/loss over the term remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

1.20. Interest on Surplus Funds and Balances

Interest earned on surplus cash or funds and balances is taken to the revenue account except for some interest that is credited to certain reserves and provisions, and unused school balances deposited with the Council reflecting the level of the account balance.

1.21. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. The reserve is then appropriated back into the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

1.22. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by the transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes apparent that a transfer of economic benefits is not required, the provision is reversed and credited back to the relevant service.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in note 44 to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts if it is probable that there will be an inflow of economic benefits or service potential.

1.23. Inventories

Inventories and stock are valued at the lower of cost price or net realisable value.

1.24. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013/14. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

1.25. Group Accounts

The Council has financial relationships with a number of entities and partnerships and, therefore, is required to prepare Group Accounts, in addition to its main financial statements. All of the financial relationships within the scope of Group Accounts have been assessed.

The Council has accounted for Group Accounts in accordance with IFRS 3 - Business Combination, IAS 27 - Consolidation and Separate Financial Statements, IAS28 - Investments in Associates and IAS 31 - Interests in Joint Ventures except where interpretations or adaptations to fit the public sector have been detailed in the Code of Practice on Local Authority Accounting. Subsidiaries and joint ventures have been consolidated within the Council's accounts on a cost basis, and accounting policies have been aligned between the Council and the companies consolidated in the Group.

1.26. Value Added Tax (VAT)

Only irrecoverable VAT is included in revenue and capital expenditure. All VAT receivable is excluded from income.

1.27. Employee Benefits

The Council accounts for employee benefits in accordance with the requirements of IAS 19 – Employee Benefits. This covers short-term employee benefits such as salaries, annual leave and flexi leave, termination benefits and post-employment benefits such as pension costs.

In accounting for annual leave the Council has categorised the staff into teachers and other staff. Teaching staff have been accounted for on the basis that working during term time entitles them to paid leave during the holidays e.g. working the Spring Term entitles them to paid Easter holidays. An accrual has been calculated based on the untaken holiday entitlement relating to the Spring Term. An accrual has been calculated for other staff based on the amount of untaken leave as at 31 March.

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. The cost of these are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure statement.

Employees of the Authority are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- The NHS Pensions Scheme, administered by NHS Pensions;
- The Local Government Pensions Scheme, administered by Shropshire Council.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority. However, the arrangements for the teachers' scheme and the NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The relevant service lines in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to the two schemes in the year.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Shropshire County Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.5% (based on the indicative rate of return on high quality corporate bonds of appropriate duration)
- The assets of the Shropshire County Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Shropshire County pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.28. Foreign Currency Transactions

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transaction, by applying the spot exchange rate at the date of the transaction.

1.29. Carbon Reduction Commitment Allowances

The authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in the last year of its introductory phase, which ends on 31 March 2014. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

1.30. PFI – Statement of Accounting Policy Private Finance Initiative Schemes (PFI)

PFI contracts are agreements to receive services, where the PFI contractor has responsibility for making available the assets needed to provide the services. The Council pays the contractor a payment, which is called a unitary charge, for the services delivered under the contract.

The Council has two PFI projects: the Quality in Community Services (QICS) PFI and the Waste Services PFI. Further details of these PFI projects are set out later in the document. The Council is deemed to control the services provided under these two PFI schemes, and as ownership of property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the operational assets used under the contracts on its balance sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the QICS scheme, the liability was written down by an initial capital contribution of £2.5m. At the commencement of the Waste contract the Council made various existing waste infrastructure assets available to the contractor. Under the Waste scheme, not all property, plant and equipment scheduled to be provided in the initial years of the contract has been provided and as a result part of the payments made to the scheme operator have been accounted for as a prepayment, with a corresponding entry also made to set aside the prepayment element of the unitary payment in the Capital Adjustment Account.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- **Fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **Finance cost** – an interest charge as a percentage (based on the Internal Rate of Return of the scheme) of the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **Contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- **Lifecycle replacement costs** – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out. On recognising the prepayment for lifecycle replacement costs a corresponding entry is also made to set aside the prepayment element of the unitary payment in the Capital Adjustment Account.

1.31. Accounting for Council Tax and Non Domestic Rates

The Council Tax income included in the Comprehensive Income & Expenditure Statement is the accrued income for the year, and not the amount required under regulation to be transferred from the Collection Fund to the General Fund (the Collection Fund Demand). The difference is taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement.

As the collection of Council Tax for preceptors (the West Mercia Police and Crime Commissioner, and Shropshire & Wrekin Fire & Rescue Authority) is an agency arrangement, the cash collected belongs proportionately to Shropshire Council as the billing authority and to the preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to preceptors under regulation.

From 1st April 2013, the treatment of Non Domestic Rates changed as Government legislation localised a proportion (49%) to the Council. In accounting terms from 1st April 2013, Shropshire Council collects Non Domestic Rates partly as an agent of central government, and of the Fire and Rescue Authority, and partly on its own account. As with council tax, the cash collected belongs proportionately to Shropshire Council as the billing authority, and to central government and the Fire and Rescue Service as preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to preceptors under regulation.

2. PRIOR PERIOD ADJUSTMENTS AND CHANGES IN ACCOUNTING POLICIES

Prior period adjustments have been made to the Council's 2012/13 published financial statements in relation to the following:

IAS19 Change to Accounting Standard

There have been several significant changes in relation to the international accounting standard IAS19 Employee Benefits, which have amended the classification, recognition, measurement and disclosures relating to post employment benefits. There

is no impact on the Balance Sheet however the changes to other financial statements are detailed below:

Movement in Reserves Statement

	General Fund Balance * £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Closing Figures as per 2012/13 Statement of Accounts								
Balance at 31 March 2012	12,605	36,684	997	0	5,751	56,037	645,834	701,871
<u>Movement in reserves during 2012/13</u>								
Surplus or (deficit) on the provision of services	(60,714)	0	5,057	0	0	(55,657)	0	(55,657)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(80,892)	(80,892)
Total Comprehensive Income and Expenditure	(60,714)	0	5,057	0	0	(55,657)	(80,892)	(136,549)
Adjustments between accounting basis & funding basis under regulations	65,959	0	(5,009)	1,402	(1,842)	60,510	(60,510)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	5,245	0	48	1,402	(1,842)	4,853	(141,402)	(136,549)
Transfers to/(from) Earmarked Reserves	(6,322)	6,305	(4)	0	0	(21)	21	0
Increase/(Decrease) in 2012/13	(1,077)	6,305	44	1,402	(1,842)	4,832	(141,381)	(136,549)
Balance at 31 March 2013	11,528*	42,989	1,041	1,402	3,909	60,869	504,453	565,322
IAS Pensions Restatement								
Surplus or (deficit) on the provision of services	(958)	0	(24)	0	0	(982)	0	(982)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	982	982
Adjustments between accounting basis & funding basis under regulations	958	0	24	0	0	982	(982)	0

	General Fund Balance * £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Restated Figures as Included in Movement in Reserves Statement								
Balance at 31 March 2012	12,605	36,684	997	0	5,751	56,037	645,834	701,871
<u>Movement in reserves during 2012/13</u>								
Surplus or (deficit) on the provision of services	(61,672)	0	5,033	0	0	(56,639)	0	(56,639)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(79,910)	(79,910)
Total Comprehensive Income and Expenditure	(61,672)	0	5,033	0	0	(56,639)	(79,910)	(136,549)
Adjustments between accounting basis & funding basis under regulations	66,917	0	(4,985)	1,402	(1,842)	61,492	(61,492)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	5,245	0	48	1,402	(1,842)	4,853	(141,402)	(136,549)
Transfers to/(from) Earmarked Reserves	(6,322)	6,305	(4)	0	0	(21)	21	0
Increase/(Decrease) in 2012/13	(1,077)	6,305	44	1,402	(1,842)	4,832	(141,381)	(136,549)
Balance at 31 March 2013	11,528*	42,989	1,041	1,402	3,909	60,869	504,453	565,322

Income & Expenditure Account

	2012/13 Net Expenditure £000	IAS Pensions Restatement £000	Restated 2012/13 Expenditure £000
Expenditure on Continuing Services			
Adult Social Care	68,380	134	68,514
Central Services to the Public	6,163	21	6,184
Children's and Education Services	57,833	377	58,210
Cultural and Related Services	22,165	68	22,233
Environmental and Regulatory Services	23,073	44	23,117
Highways and Transport Services	26,507	61	26,568
Local Authority Housing (HRA)	(7,074)	22	(7,052)

	2012/13 Net Expenditure £000	IAS Pensions Restatement £000	Restated 2012/13 Expenditure £000
Other Housing Services	6,717	24	6,741
Planning Services	9,470	66	9,536
Corporate and Democratic Core	4,535	12	4,547
Non Distributed Costs	537	0	537
Net Cost of Services	218,306	829	219,135
Other Operating Expenditure	58,897	0	58,897
Financing and Investment Income and Expenditure	38,633	153	38,786
Taxation and Non Specific Grant Income	(260,179)	0	(260,179)
(Surplus) or Deficit on Provision of Services	55,657	982	56,639
(Surplus) or Deficit on Revaluation of Property, Plant & Equipment assets	11,269	0	11,269
Impairment Losses on Non-Current Assets Charged to the Revaluation Reserve	14,804	0	14,804
Remeasurement of the Net Defined Benefit Liability	54,818	(982)	53,836
Other Comprehensive Income and Expenditure	80,891	(982)	79,909
Total Comprehensive Income and Expenditure	136,548	0	136,548

Cash Flow Statement

	2012/13 £000	IAS Pensions Restatement £000	Restated 2012/13 £000
Net (surplus) or deficit on the provision of services	55,657	982	56,639
Adjust net surplus or deficit on the provision of services for non cash movements	(104,237)	(982)	(105,219)
Adjust for items in the net surplus or deficit on the provision of services that are investing and financing activities	41,978	0	41,978
Net cash flows from Operating Activities	(6,602)	0	(6,602)
Investing Activities	(2,830)	0	(2,830)
Financing Activities	5,846	0	5,846
Net (increase) or decrease in cash and cash equivalents	(3,586)	0	(3,586)
Cash and cash equivalents at the beginning of the reporting period	74,294	0	74,294
Cash and cash equivalents at the end of the reporting period	77,880	0	77,880

3. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

For 2013/14 the following accounting policy changes that need to be reported relate to:

- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IAS 27 *Separate Financial Statements* (as amended in 2011)
- IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011)
- IAS 32 *Financial Instruments: Presentation*
- IAS 1 *Presentation of Financial Statements*

These changes predominantly affect presentation or disclosure of items within the Notes to the Accounts, and so will not have a material effect on the Council.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty regarding future levels of funding for local government. The Council has undertaken the rigorous challenge of reviewing its spending and as a result has ensured appropriate savings are built into its medium term financial plans. The Council has determined that this uncertainty regarding future funding levels is not known in sufficient enough detail to provide an indication that its assets would be impaired or services reduced significantly. Any action to reduce spending would be taken in a planned and systematic way to reduce the impact on service delivery.
- The authority takes judgements over the element of control in terms of deciding which assets should be on our balance sheet. One such judgement has been taken around schools and particularly Voluntary Aided or Controlled schools that are not controlled by the Council. A Public Sector working group is specifically reviewing accounting for schools. The initial overriding view of the group is that any community schools, voluntarily controlled, voluntary aided and foundation schools should be included on the Council's financial statements as control still lies with the Council. However, this has not been adopted into the 2013/14 Code and as such has not been adopted in the Councils accounts for 2013/14, but may be a change required in future years. Therefore balances for voluntary aided and controlled schools are not included within the asset valuations. The asset valuation does however include balances relating to assets that are awaiting formal completion to the Diocese. Until detailed work is completed regarding the elements of the assets to be transferred, these will remain on balance sheet.
- The authority is part of the Marches Local Enterprise Partnership (LEP) along with Herefordshire and Telford & Wrekin. The Council acts as accountable body

for the Growing Places Fund which is a grant scheme controlled by the LEP. The Council has concluded that the role of accountable body is to be deemed as an agent, and therefore the full grant should not be accounted within the authority's accounts.

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 that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There is a risk of material adjustment in the forthcoming financial year for the following items in the council's Balance Sheet at 31 March 2014:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment	Full valuation involving an inspection is carried out every 5 years. An impairment and valuation review is carried out as a desk exercise for properties not valued in the year.	There is a risk of material adjustment in the year when the property is revalued.
Dwellings	The value of dwellings held on the balance sheet is subject to impairments due to an estimated increase or decrease in house prices. The Council accounting policy is to use ONS data as the basis for this estimate.	The valuation of dwellings may require a material adjustment in the following year if ONS data is not a reliable estimate.
NDR Appeals Provision	The provision set aside for Non Domestic Rate appeals is estimated based on the number of outstanding appeals as per the Valuation Office and then the percentage rateable value change of successful appeals is applied.	There is a risk that successful appeals will be significantly more than the estimate leading to an increased demand on the NDR collection fund in the year.
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. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £16.592m.
Accruals	Estimates of known future expenses or income where amounts are not yet certain are accrued in the year that they relate to. The proportion of estimates	The expense or the income could be either higher or lower than expected. A 10% increase in the estimates for debtors would result in an additional

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>within the accruals processed for debtors and creditors are:</p> <ul style="list-style-type: none"> • Debtors 6% • Creditors 6% 	debtor of £0.053m. A 10% increase from the estimate for creditors would result in an additional creditor of £0.224m.

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

6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Head of Finance, Governance & Assurance on 25 September 2014. Events taking place after this date are not reflected in the financial statement or notes.

On the 1st April 2014 the Council transferred the management of the Shropshire Hills Discovery Centre (SHDC) and neighbouring Onny Meadows to Shropshire Housing Group (SHG) and their partner Grow Cook Learn. Ownership has since transferred on the 27th July 2014. The value of the SHDC in the 2013/14 balance sheet is £5.2m. This is considered as a non adjusting event after the reporting date.

At balance sheet date, Department of Education approval had been granted to one school to convert to Academy School status in early 2014/15 financial year. The value of this school and associated facilities in the 2014/15 accounts is £17.9m. This is considered as a non adjusting event after the reporting date. Approval had been granted to three further schools to transfer, but their conversion dates are not until later in 2014/15.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the 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.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year.

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for the local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Authority is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year end.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2013/14						
	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
<i>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:</i>						
Charges for depreciation and impairment of non current assets	29,985	170	4,215	0	0	(34,370)
Revaluation losses on Property Plant and Equipment	5,945	3,219	0	0	0	(9,164)
Movement in the market value of Investment Properties	(1,163)	(73)	0	0	0	1,236
Amortisation of intangible assets	420	0	0	0	0	(420)
Capital grants and contributions applied	(28,628)	(850)	0	0	0	29,478
Income in relation to donated assets	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	6,996	0	0	0	0	(6,996)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	105,844	2,038	0	0	0	(107,882)

	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<i>Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:</i>						
Statutory provision for the financing of capital investment	(17,681)	0	0	0	0	17,681
Capital expenditure charged against the General Fund and HRA balances	(2,061)	(379)	0	0	0	2,440
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	(533)	0	0	0	533	0
Application of grants to capital financing transferred to CAA	0	0	0	0	(1,656)	1,656
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(6,135)	(1,805)	0	8,029	0	(89)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	(7,567)	0	7,567
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	34	0	(34)	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	458	0	0	(458)	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	30	0	(30)
Adjustment primarily involving the Major Repairs Reserve:						
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	(1,895)	0	0	1,895
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(301)	(1)	0	0	0	302
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 43)	32,223	0	0	0	0	(32,223)
Employer's pension contributions and direct payments to pensioners payable in the year	(24,674)	0	0	0	0	24,674
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(661)	0	0	0	0	661

2013/14

	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,241)	(9)	0	0	0	1,250
Total Adjustments	98,793	2,344	2,320	0	(1,123)	(102,334)

2012/13 Comparative Figures (Restated)

	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
<i>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:</i>						
Charges for depreciation and impairment of non current assets	50,772	920	4,108	0	0	(55,800)
Revaluation losses on Property Plant and Equipment	6,649	(3,087)	0	0	0	(3,562)
Movement in the market value of Investment Properties	357	0	0	0	0	(357)
Amortisation of intangible assets	351	0	0	0	0	(351)
Capital grants and contributions applied	(29,338)	(1,313)	0	0	0	30,651
Income in relation to donated assets	(37)	0	0	0	0	37
Revenue expenditure funded from capital under statute	8,287	0	0	0	0	(8,287)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	55,160	615	0	0	0	(55,775)
<i>Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:</i>						
Statutory provision for the financing of capital investment	(26,956)	(1,200)	0	0	0	28,156
Capital expenditure charged against the General Fund and HRA balances	(2,676)	(101)	0	0	0	2,777
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	(200)	0	0	0	200	0
Application of grants to capital financing transferred to CAA	0	0	0	0	(2,042)	2,042
Adjustments primarily involving the Capital Receipts Reserve:						

2012/13 Comparative Figures (Restated)

	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(5,944)	(956)	0	6,906	0	(6)
Use of the Capital Receipts Reserve towards new expenditure	0	0	0	(6,479)	0	6,479
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	18	0	(18)	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	426	0	0	(426)	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	17	0	(17)
Adjustments primarily involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(99)	0	0	0	0	99
Adjustment primarily involving the Major Repairs Reserve:						
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	(2,706)	0	0	2,706
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(303)	(68)	0	0	0	371
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 43)	31,540	448	0	0	0	(31,988)
Employer's pension contributions and direct payments to pensioners payable in the year	(22,138)	(204)	0	0	0	22,342
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,168	0	0	0	0	(1,168)
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(102)	(57)	0	0	0	159
Total Adjustments	66,917	(4,985)	1,402	0	(1,842)	(61,492)

8. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2013/14.

	Balance at 1 April 2012 £000	Transfers Out 2012/13 £000	Transfers In 2012/13 £000	Balance at 31 March 2013 £000	Transfers Out 2013/14 £000	Transfers In 2013/14 £000	Balance at 31 March 2014 £000
General Fund:							
Council Elections Reserve	43	0	0	43	(43)	0	0
CYPS Directorate Reserve	83	(83)	0	0	0	0	0
Economic Development Workshops Major Maintenance Reserve	232	0	48	280	0	111	391
Education – Staff Sickness Insurance Reserve	450	0	118	568	(481)	2	89
Education – Theft Insurance Reserve	76	0	106	182	(100)	4	86
Fire Liability Reserve	1,446	0	411	1,857	0	30	1,887
Landfill Allowance Trading Scheme Reserve	228	(228)	0	0	0	0	0
Legal Disbursements Reserve	50	0	0	50	(50)	0	0
Local Joint Committee Reserve	61	(22)	170	209	(209)	0	0
Major Planning Inquiries Reserve	497	(45)	30	482	(70)	150	562
Motor Insurance Reserve	661	0	66	727	(1)	65	791
New Homes Bonus Reserve	0	(186)	4,621	4,435	(1,009)	0	3,426
People Services Reserve	1,607	(1,600)	100	107	(107)	0	0
PFI Buildings Equipment Replacement Reserve	59	(66)	19	12	(7)	0	5
Public Health Reserve	0	0	793	793	(178)	615	1,230
Redundancy Reserve	1,221	(1,263)	507	465	(11,429)	24,165	13,201
Resources Efficiency Reserve	315	(29)	547	833	(313)	81	601
Revenue Commitments for Future Capital Expenditure Reserve	2,413	(1,325)	1,123	2,211	(1,719)	53	545
Revenue Commitments from Unringfenced Revenue Grants	284	(230)	3,339	3,393	(2,192)	1,684	2,885
Schools Building Maintenance Insurance Reserve	681	(151)	793	1,323	(221)	342	1,444
Severe Weather Reserve	600	0	110	710	0	2,129	2,839
Shire Catering and Cleaning Efficiency Reserve	0	0	143	143	(12)	0	131
Shropshire Waste Partnership (Smoothing Reserve)	16,830	0	3,428	20,258	(20,828)	1,193	623
Shropshire Waste Partnership (General Reserve)	5,985	(5,985)	0	0	0	0	0
Theatre Severn – Repairs & Maintenance Reserve	20	0	9	29	0	0	29
TMO Vehicle Replacement Reserve	1,775	(257)	494	2,012	(1,170)	197	1,039
Transformation Reserve	1,067	(980)	1,780	1,867	(7)	1,455	3,315
Total	36,684	(12,450)	18,755	42,989	(40,146)	32,276	35,119

RESERVES

Council Elections - established to meet the periodic cost of Council Elections which take place every four years, however this is now built into the budget strategy so no need to hold this reserve.

CYPS Directorate - this reserve was established from overall directorate underspends in 2004/05. This reserve is no longer held as all remaining balances held were released in 2012/13.

Economic Development Workshops Major Maintenance - set up to meet the costs of major maintenance of Economic Development Workshops.

Education Staff Sickness Insurance - schools' self help insurance for staff sickness with premiums met from delegated budgets. Any surplus generated is used to benefit contributing schools and schools' related budgets.

Education Theft Insurance - this is the schools' self help insurance scheme to cover equipment damage and losses. Any surplus generated is used to benefit contributing schools and schools' related budgets.

Fire Liability - this is required to meet the cost of excesses on all Council properties.

Landfill Allowance Trading Scheme - this reserve was set up to recognise the notional surplus generated because the council's liability for waste disposal tonnage since 2005/06 has been less than the allowances allocated by DEFRA. This scheme no longer operates and so the reserve has been closed in 2013/14.

Legal Disbursements - this helps to meet extraordinary legal costs incurred by service directorates over and above budgets.

Local Joint Committees – this reserve was used to carry forward any balance of funding remaining within Local Joint Committees in each financial year. This was the final year of LJC grants, therefore this reserve is not required anymore.

Major Planning Inquiries – this reserve is used to meet the one-off costs of major planning inquiries, and is a corporate reserve.

Motor Insurance - an internally operated self-insurance reserve to meet costs not covered by the Council's Motor Insurance Policy.

New Homes Bonus Reserve – this reserve has been established from unapplied New Homes Bonus Grant balances.

People Services - this reserve was established to safeguard the council against pressures within Assessment & Eligibility and external children's placements given the service areas volatility.

PFI Buildings Equipment Replacement - this was established in 2007/08 to fund replacement equipment in PFI buildings. This relates to items of equipment not covered by the PFI contract, that the council are responsible for maintaining.

Public Health Reserve – This reserve includes balances committed to specific public health projects.

Redundancy - required to help meet one-off costs arising from approved staffing reductions, allowing the full approved savings in salaries or wages to reach the revenue account.

Resources Efficiency - established for investment in new developments, particularly information technology, that service areas would not be expected to meet from their internal service level agreements for support services.

Revenue Commitments for Future Capital Expenditure - this reserve comprises underspends against budgeted revenue contributions available for capital schemes. The underspends have arisen due to slippage in capital schemes or because other funding streams were utilised during the year so as to maximise time limited grants. This sum is available to fund commitments against capital schemes in 2014/15.

Revenue Commitments from Unringfenced Revenue Grants - established from unapplied unringfenced Grant balances. Commitments have been made against these balances in 2014/15.

Schools Building Maintenance Insurance - the schools building maintenance insurance scheme is a service provided by Property Services for schools. In return for an annual sum all structural repairs and maintenance responsibilities previously identified as the "authority's responsibility" are carried out at no additional charge to the school.

Severe Weather – Required to meet unbudgeted costs arising from the damage caused by severe weather. The policy of the Council is to budget for an average year's expenditure in the revenue accounts and transfer any underspend to the reserve or fund any overspend from the reserve. Includes additional grant received for recent storm damage.

Shire Catering and Cleaning Efficiency - this is built up from trading surpluses to invest in new initiatives, to meet exceptional unbudgeted costs or cover any trading deficits.

Shropshire Waste Partnership (Smoothing Reserve) – The PFI smoothing reserve reflects the budgeted contributions in the early years of the Waste PFI contract that will be used to smooth the step up in the Unitary. This increase has now been included within the 2014/15 budget strategy to cover the annual increase therefore the bulk of this reserve has been released in 2013/14.

Shropshire Waste Partnership (General Reserve) - the general reserve previously included notional entries relating to prepayments relevant to the IFRS accounting treatment. Due to a change in accounting practice in 2012/13, this reserve is no longer held.

Theatre Severn Repairs & Maintenance - established from underspends within culture and leisure, the reserve will be earmarked towards future capital and revenue expenditure on repairs, maintenance and replacement of essential equipment at the Theatre.

TMO Vehicle Replacement - this reserve was set up to meet the costs of replacement vehicles by the Integrated Transport Unit

Transformation - Required to fund invest to save projects in order to deliver the service transformation programme.

9. OTHER OPERATING EXPENDITURE

	2013/14 £000	2012/13 £000
Parish Council Precepts	5,567	6,053
Levies	120	109
Payments to the Government Housing Capital Receipts Pool	458	426
(Gains)/losses on the disposal of non current assets	99,976	48,794
(Gains)/losses on change in valuation of non-current assets	253	3,515
	106,374	58,897

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2013/14 £000	2012/13 (Restated) £000
Interest payable and similar charges	19,355	21,539
Net interest on the net defined benefit liability	13,919	13,409
Interest receivable and similar income	(1,829)	(1,967)
Income and expenditure in relation to investment properties and changes in their fair value	(2,332)	(153)
(Surpluses)/deficits on Trading Activities	3,911	5,958
	33,024	38,786

11. TAXATION AND NON SPECIFIC GRANT INCOMES

	2013/14 £000	2012/13 £000
Council tax income	(123,791)	(136,522)
Non domestic rates	(45,655)	(88,639)
Non ringfenced government grants	(77,356)	(9,560)
Capital grants and contributions	(25,372)	(25,458)
	(272,174)	(260,179)

12. PROPERTY, PLANT & EQUIPMENT

The figures below provide information on the movement of fixed assets held by the Council during 2013/14.

	Dwellings £000	Other Land and Buildings £000	Vehicles Plant & Equipment £000	Infra- structure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment £000
Cost or valuation									
At 1 April 2013	176,371	733,112	29,539	404,760	5,090	432	7,881	1,357,185	44,948
Additions	2,163	8,269	1,056	15,320	152	0	6,426	33,386	32
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(342)	(9,203)	0	0	0	(18)	0	(9,563)	(2)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(17,340)	(6,028)	0	0	0	(124)	0	(23,492)	0
Derecognition - disposals	(1,144)	(98,931)	(2,078)	0	0	0	0	(102,153)	0
Derecognition - other	(883)	(4,176)	(5,826)	(92)	(886)	(141)	(53)	(12,057)	(2,574)
Assets reclassified (to)/from Held for Sale	0	(285)	0	0	0	0	830	545	0
Other movements in cost or valuation	(3,326)	(4,750)	0	0	0	1,984	(6,874)	(12,966)	156
At 31 March 2014	155,499	618,008	22,691	419,988	4,356	2,133	8,210	1,230,885	42,560
Depreciation and Impairments									
At 1 April 2013	(17,532)	(45,694)	(16,837)	(97,460)	(929)	(57)	0	(178,509)	(8,217)
Depreciation charge for 2013/14	(4,205)	(13,545)	(4,023)	(10,629)	(239)	(45)	0	(32,686)	(2,153)
Depreciation written out to the Revaluation Reserve	186	7,285	0	0	0	0	0	7,471	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	14,121	450	0	0	0	10	0	14,581	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	(3,594)	0	0	0	(405)	0	(3,999)	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(170)	(1,111)	0	0	0	(348)	0	(1,629)	0
Derecognition - disposals	0	5,525	1,215	0	0	0	0	6,740	0
Derecognition - other	0	421	5,827	7	522	17	0	6,794	2,574
Other movements in depreciation and impairment	3,225	8,688	0	0	0	668	(17)	12,564	(156)
At 31 March 2014	(4,375)	(41,575)	(13,818)	(108,082)	(646)	(160)	(17)	(168,673)	(7,952)
NBV at 31 March 2014	151,124	576,433	8,873	311,906	3,710	1,973	8,193	1,062,212	34,608
NBV at 31 March 2013	158,839	687,418	12,702	307,300	4,161	375	7,881	1,178,676	36,731

The comparative movements in 2012/13 were as detailed below:

	Dwellings £000	Other Land and Buildings £000	Vehicles Plant & Equipment £000	Infra- structure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment £000
Cost or valuation									
At 1 April 2012	169,920	842,916	30,100	388,082	5,469	1,891	7,826	1,446,204	45,543
Additions	4,019	7,394	1,703	16,928	161	0	3,560	33,766	610
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	(17,466)	0	0	0	(17)	0	(17,483)	35
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	3,087	(6,509)	0	0	0	0	0	(3,422)	28
Derecognition - disposals	(655)	(48,160)	(897)	0	0	(21)	0	(49,733)	0
Derecognition - other	0	(2,757)	(2,660)	0	(613)	0	(22)	(6,052)	(1,224)
Assets reclassified (to)/from Held for Sale	0	(6,363)	0	0	0	(1,090)	(225)	(7,678)	0
Other movements in cost or valuation	0	(35,944)	1,293	(250)	73	(331)	(3,258)	(38,417)	(44)
At 31 March 2013	176,371	733,112	29,539	404,760	5,090	432	7,881	1,357,185	44,948
Depreciation and Impairments									
At 1 April 2012	(12,578)	(45,743)	(14,438)	(87,262)	(1,193)	(163)	(23)	(161,400)	(6,622)
Depreciation charge for 2012/13	(4,075)	(15,053)	(5,618)	(10,198)	(349)	(19)	0	(35,312)	(3,026)
Depreciation written out to the Revaluation Reserve	0	6,143	0	0	0	25	0	6,168	51
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	(14,450)	0	0	0	(308)	0	(14,758)	(44)
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(919)	(15,890)	0	(251)	0	0	0	(17,060)	156
Derecognition - disposals	40	2,850	560	0	0	2	0	3,452	0
Derecognition - other	0	282	2,659	0	613	0	23	3,577	1,224
Other movements in depreciation and impairment	0	36,167	0	251	0	406	0	36,824	44
At 31 March 2013	(17,532)	(45,694)	(16,837)	(97,460)	(929)	(57)	0	(178,509)	(8,217)
NBV at 31 March 2013	158,839	687,418	12,702	307,300	4,161	375	7,881	1,178,676	36,731
NBV at 31 March 2012	157,342	797,173	15,662	300,820	4,276	1,728	7,803	1,284,804	38,921

Voluntary Aided and Controlled Schools

The Council does not recognise the assets of Voluntary Aided or Controlled Schools on the basis that the Council does not have control over the service provided in these schools.

Included in the above balances for other land and buildings are all or a significant part of 10 primary schools for which plans are being finalised with the Diocese or for which instructions have been issued, but full ownership has not yet transferred to the Diocese. This detailed work is necessary because in many circumstances the schools are now physically different and it is necessary to ensure that the transfers relate purely to the school function and not other uses which may now be on site. There is a legal obligation to transfer ownership under Education legislation (Education Act 1946 or Schools Standards and Framework 1998).

Work commenced on the first transfers in 2008/09, and further schools were identified in 2011/12, mainly as a result of Primary School Amalgamations, which resulted in the change of the category of a number of schools. These schools will be removed from the Council's balance sheet on completion of the legal transfer. The total net book value for these schools as at the balance sheet date is £20.1m.

In addition there are a number of primary schools where a small part of the site is required to transfer from the Council to the Diocese, these are mainly as a result of extensions to schools which have been built across land still in SC ownership (e.g. former playing field land). Work is ongoing to legally transfer these further sections and they are not included in the Council's balance sheet.

Three Secondary schools are listed as Voluntary Controlled schools on the Department of Education list. Under the School Standards and Framework Act 1998 ('the 1998 Act') the school buildings and hard standing should be transferred to the trustees of the school. These should also be transferred to their governing bodies, and are still to be actioned, but may be overtaken by any plans to transfer these schools to Academy status, with one scheduled to transfer in 2014/15. The total net book value for these schools as at the balance sheet date is £32.6m.

Foundation Schools

The School Standards and Framework Act 1998 changed the status of Grant Maintained Schools to Foundation Schools maintained by the Local Education Authority. Following recent changes to the status of some schools, the Council now has three Foundation schools. The Council does not recognise the assets of Foundation Schools on the basis that the Council does not have control over the service provided in these schools. However, following recent changes to two schools to Foundations schools all of their assets have not transferred. The total net book value for these schools as at the balance sheet date is £3.8m.

Academy Schools

In 2013/14 seven further schools became Academies. The School land and premises are now leased by the Council to the Academy school on a 125 year peppercorn rent. On this basis the school is now listed in the Council's fixed asset register at nil value. The value written out of the Council balance sheet in 2013/14 for these schools was £93.9m.

At balance sheet date, Department of Education approval had been granted to one school to convert to Academy School status in early 2014/15 financial year. The value of this school and associated facilities in the 2014/15 accounts is £17.9m. This is considered as a non adjusting event after the reporting date. Approval had been granted to three further schools to transfer, but their conversion dates are not until later in 2014/15. The value of these schools and associated facilities in the 2014/15 accounts is £25.6m.

Assets Transferred to Parish and Town Councils

In 2013/14 the Council transferred further functions to Town and Parish Councils. Due to delays in agreeing the legal transfers of the associated assets, some of the assets are yet to transfer, even though the operation of these assets has transferred. As the functions have transferred, the Council gains no value from these on an existing use basis and as a result these have been written out of the balance sheet in 2013/14, the net book value written out was £1.46m.

Depreciation

The following useful lives have been used in the calculation of depreciation:

- Council Dwelling – Major Repairs Allowance has been used as an estimate of depreciation.
- Other Land and Buildings – average 10 to 60 years range.
- Vehicles, Plant, Furniture & Equipment – average 5 years.
- Infrastructure – average 40 years.

Capital Commitments

At 31 March 2014, the Council has entered into a number of contracts for the purchase, construction or enhancement of Property, Plant and Equipment or to provide grant funding to other bodies for a capital purpose in 2014/15 and future years budgeted to cost £35.242m. Similar commitments at 31 March 2013 were £27.441m. The major commitments were:

- Rural Broadband - £15.930m.
- Highways & Transport schemes - £4.220m.
- Affordable Housing Grants - £1.278m.
- HRA Major Repairs Programme - £3.055m.
- HRA New Build Programme - £5.764m.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, plant, furniture and equipment are held on historic cost basis. The significant assumptions applied in estimating the fair values are:

- That the property is free from any undisclosed onerous burdens, outgoings or restrictions and that good title can be shown.
- That the land and property is not contaminated (including Radon Gas).
- The property and its values are unaffected by any matters which could be revealed by local search or inspection of any register and that the use and occupation of the asset are lawful.
- In valuing the property, plant and machinery have been excluded unless forming part of the structure and normally valued with the building.
- The report does not take account of any liability for taxation which may arise on disposal whether actual or notional, e.g. Capital Gains Tax, or transaction costs, e.g. Stamp Duty.
- Details concerning “title” have been taken from the Council’s Terrier.

- Where there are user rights these have not been considered as having a value because of the inability to transfer such rights.
- The property has not been discussed with the Planning Authorities and therefore certain assumptions in respect of planning issues have been made in determining values. The assumptions made are based on information on file available to the Valuer when undertaking the Valuation.

Valuations of Non Current Assets carried at Current Value

The following statement shows the progress of the Council's rolling programme for the revaluation of Property, Plant and Equipment. The valuations are carried out by the Council's internal valuation unit. The basis of valuation is set out in the Statement of Accounting Policies. All values are stated on a net present value basis.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Total £000
Carried at Historical Cost	0	450	8,873	0	9,323
Valued at Fair Value as at:					
01-Apr-13	151,124	119,456	0	446	271,026
01-Apr-12	0	103,572	0	182	103,754
01-Apr-11	0	70,634	0	0	70,634
01-Apr-10	0	160,835	0	1,345	162,180
01-Apr-09	0	121,486	0	0	121,486
Total Cost or Valuation	151,124	576,433	8,873	1,973	738,403

13. HERITAGE ASSETS

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority

	Museum and Archives artefacts £000	Outdoor Statues/ Monuments/Historic Building Remains £000	Intangible Heritage Asset £000	Total £000
Cost or Valuation				
1 April 2012	1,277	1,179	0	2,456
Additions/Transfers from AUC	43	24	0	67
Depreciation/Amortisation	0	(55)	0	(55)
31 March 2013	1,320	1,148	0	2,468
Cost or Valuation				
1 April 2013	1,320	1,148	0	2,468
Additions/Transfers from AUC	10	6	51	67
Depreciation/Amortisation	0	(55)	(5)	(60)
31 March 2014	1,330	1,099	46	2,475

Museum and Archives artefacts

The Council's collection of Museum and Archives artefacts are reported in the balance sheet at market valuation at purchase or provided for insurance valuation. These principally consist of fine art paintings and items of decorative art. Valuations are only

subject to revaluation as required by the Museum Service and the collection is not subject to depreciation.

The Museum Service also holds assets within their collections that are on loan to the Museum Service. These are not included in the Council balance sheet, but for insurance purposes significant artefacts have been valued in total at £1.2m.

Outdoor Statues/Monuments/Historic Building Remains

The Council's Outdoor Statues/Monuments/Historic Building Remains are reported in the balance sheet at depreciated historic cost and are not subject to revaluation. Due to the age of the assets, historic cost information is not available for a number the assets and as such these are held at nil value.

Intangible Heritage Asset

Shropshire Archives have delivered a capital project to create digitised images of the parish and non conformist registers it holds. This has improved access to resources, especially to the online genealogy market, generating additional revenue income for the Council.

14. INVESTMENT PROPERTIES

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

	2013/14 £000	2012/13 £000
Rental income & service charges from investment property	(1,263)	(1,186)
Direct operating expenses arising from investment property	168	677
Net (gain)/loss	(1,095)	(509)

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

The following table summarises the movement in the fair value of investment properties over the year:

	2013/14 £000	2012/13 £000
Balance at start of the year	31,695	35,603
Additions:		
- Purchases	0	238
Disposals	(4,290)	(5,409)
Net gains/losses from fair value adjustments	1,236	(357)
Transfers:		
- To/from Property, Plant and Equipment	237	1,620
Balance at end of the year	28,878	31,695

15. INTANGIBLE ASSETS

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets relate to purchased licenses and software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council.

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £415,000 charged to revenue in 2013/14 was charged to services within the service headings in the Net Expenditure of Services.

	2013/14 £000	2012/13 £000
Balance at start of year:		
- Gross carrying amounts	1,568	1,360
- Accumulated depreciation	(704)	(514)
Net carrying amount at start of year	864	846
Additions:		
- Purchases	210	369
- Transferred from AUC	117	0
Amortisation for the period	(415)	(351)
Net carrying amount at end of the year	776	864
Comprising:		
- Gross carrying amounts	1,636	1,568
- Accumulated amortisation	(860)	(704)
	776	864

16. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet.

	Long term		Current	
	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000
Investments:				
Loans and receivables	400	812	109,885	94,145
Total investments	400	812	109,885	94,145
Debtors:				
Loans and receivables	3,139	3,140	0	0
Financial assets carried at contract amounts	0	0	40,002	32,972
Total Debtors	3,139	3,140	40,002	32,972
Borrowing:				
Financial liabilities at amortised cost	(337,768)	(342,825)	(7,397)	(12,399)
Total Borrowings	(337,768)	(342,825)	(7,397)	(12,399)

	Long term		Current	
	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000
Other Long Term Liabilities:				
PFI and finance lease liabilities	(22,685)	(22,780)	0	0
Total Other Long Term Liabilities	(22,685)	(22,780)	0	0
Creditors:				
Financial liabilities carried at contract amount	(719)	(730)	(50,113)	(44,959)
Cash overdrawn	0	0	(17,586)	(6,937)
Total Creditors	(719)	(730)	(67,699)	(51,896)

The debtors figure included in the balance sheet includes payments in advance from individuals and organisations which are not considered to be financial instruments, therefore these prepayments have been excluded below. Similarly the creditors figure also includes receipts in advance which are not a financial instrument, therefore these have been excluded above. A reconciliation of the Financial instrument figures to the Balance Sheet is provided below:

	31 March 2014 £000	31 March 2013 £000
Debtors:		
Financial assets carried at contract amounts as per Financial Instruments	40,002	32,972
Payments In Advance	28,713	21,834
Total Debtors as per Balance Sheet	68,715	54,806
Creditors:		
Financial liabilities carried at contract amount as per Financial Instruments	(50,113)	(44,959)
Receipts In Advance	(4,352)	(3,751)
Total Creditors as per Balance Sheet	(54,465)	(48,710)

Soft Loans

Small Business Loans

Shropshire Council has entered into two legal contracts with MRRT Ltd to provide funding to MRRT to be used to provide small business loans.

Under the first contract the Council will provide up to £0.5m interest free, in instalments. MRRT match fund 50:50 to provide small business loans between £5k and £50k for no more than 5 years to qualifying businesses. Funds are repayable to the Council by MRRT by no later than July 2021 and the Council is responsible for the first £75k of bad debt (representing 15% of the Council's capital). As at the balance sheet date £0.2m has been loaned to MRRT.

The second contract is in partnership with Worcestershire County Council and the Council will provide up to £0.5m interest free in instalments, which is matched 50:50 with funding from ERDF. The funding will be used to provide loans of small business loans between £5k and £50k for no more than 5 years to qualifying businesses. Funds are repayable to the Council by MRRT by no later than July 2020 and the Council is responsible for the first £75k of bad debt (representing 15% of the Council's capital). As at the balance sheet date £0.125m has been loaned to MRRT.

	2013/14 £000	2012/13 £000
Opening Balance	191	0
Nominal value of new loans granted in the year	125	200
Fair value adjustment on initial recognition	(12)	(5)
Loans repaid	(33)	(4)
Other changes	3	0
Closing balance at end of year	274	191
Nominal value at 31 March	288	196

Valuation Assumptions

The interest rate at which the fair value of this soft loan has been made is based on the PWLB rate at point at which the loan payment is made to MRRT plus 0.5% for the Council's transactional costs.

Other Soft Loans

Following a review in this area it has been identified that interest free loans with a nominal value of £1.291m are advanced to clients receiving residential/nursing care who following assessment are required to pay the full cost of their care. As all of the clients funds are tied up in the property they own, a legal charge is made against the property and when the property is sold the outstanding debts are cleared and the legal charge removed.

In addition, clients who are required to make adaptations to their homes to maintain their independence are also given interest free loans, the nominal value of these loans is £0.340m. A legal charge is again placed against the property and when the property is sold the amount of the loan is repaid and the legal charge removed.

The deferred charges loans are part of the Charging Residential Accommodation Guide (CRAG) assessment and the adaptation loans are part of Disabled Facilities Grant legislation, which means they are part of national agreements. These loans are not part of the Councils internal policies and therefore are not classified as soft loans.

Income, Expense, Gains and Losses

	2013/14			2012/13		
	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Total £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Total £000
Interest expense	19,355	0	19,355	21,548	0	21,548
Impairment losses	0	0	0	0	(12)	(12)
Total expense in Surplus or Deficit on the Provision of Services	19,355	0	19,355	21,548	(12)	21,536
Interest income	0	(856)	(856)	0	(891)	(891)
Interest income accrued on impaired financial assets	0	2	2	0	(33)	(33)
Total income in Surplus or Deficit on the Provision of Services	0	(854)	(854)	0	(924)	(924)
Net (gain)/loss for the year	19,355	(854)	18,501	21,548	(936)	20,612

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Estimated ranges of interest rates at 31 March 2014 of 1.26% to 4.33% for loans from the PWLB, 4.42% to 4.57% for Market Loans and 0.25% to 0.60% for loans and receivables, based on new lending rates for equivalent loans at that date
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2014		31 March 2013	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities	49,200	45,582	49,200	46,288
Long term creditors	293,568	309,758	303,468	341,155
PFI liabilities	22,661	53,906	24,048	55,442

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2014) arising from a commitment to pay interest to lenders below current market rates.

	31 March 2014		31 March 2013	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Loans and receivables:				
Cash	73,070	73,070	31,700	31,700
Fixed Term Deposits	36,650	36,850	62,150	62,452
Long term debtors	3,139	3,139	3,140	3,140
Long term investments	400	400	812	812

The fair value of the assets is higher than the carrying amount because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2014) attributable to the commitment to receive interest below current market rates.

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

Exceptional Items

Early in October 2008, the Icelandic bank Landsbanki Islands HF went into administration. At that time the former Bridgnorth District Council had £1 million deposited with this institution.

In February 2014 the Council sold its Landsbanki claim for 92% of the claim amount. Total distributions received in relation to the claim were £924,920, of which £441,331 was received during 2013/14.

17. INVENTORIES

Stocks are shown at the lower of cost price or net realisable value.

	Road Materials		Visitor Centres and TIC Retail Stock		Shire Services		Leisure Services		Travel Tokens		Other		Total	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Balance outstanding at start of year	362	675	75	92	182	187	9	20	32	39	50	51	710	1,064
Purchases	714	701	198	190	174	218	30	54	0	0	247	767	1,363	1,930
Recognised as an expense in the year	(415)	(1,014)	(218)	(207)	(156)	(223)	(33)	(65)	(10)	(7)	(267)	(768)	(1,099)	(2,284)
Written off balances	0	0	0	0	(8)	0	0	0	0	0	0	0	(8)	0
Balance outstanding at year-end	661	362	55	75	192	182	6	9	22	32	30	50	966	710

18. DEBTORS

These are sums of money due to the Council but unpaid at 31 March 2014.

	2013/14 £000	2012/13 £000
Central Government Bodies	5,636	6,380
Other Local Authorities	633	1,981
NHS Bodies	4,446	2,604
Public Corporations and Trading Funds	1	1
Other Entities and Individuals	38,616	29,572
Waste PFI Prepayments	19,383	14,268
	68,715	54,806

19. CASH AND CASH EQUIVALENTS

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

	31 March 2014 £000	31 March 2013 £000
Bank current accounts	53,070	31,700
Short term deposits with building societies	17,715	53,117
Total Cash and Cash Equivalents	70,785	84,817
Bank Overdraft	(17,586)	(6,937)
Cash Overdrawn	(17,586)	(6,937)

20. ASSETS HELD FOR SALE

	2013/14 £000	2012/13 £000
Balance outstanding at start of year	5,232	2,703
Assets newly classified as held for sale:		
- Property, Plant and Equipment	285	7,652
Revaluation losses	(253)	(316)
Revaluation gains	0	176
Impairment losses	0	(3,374)
Assets declassified as held for sale:		
- Property, Plant and Equipment	(830)	0
Assets sold	(2,915)	(1,609)
Balance outstanding at year end	1,519	5,232

21. CREDITORS

These are amounts owed by the Council for work done, goods received or services rendered which had not been paid by 31 March 2014.

	31 March 2014 £000	31 March 2013 £000
Central Government Bodies	(5,999)	(6,705)
Other Local Authorities	(2,761)	(1,988)
NHS Bodies	(1,671)	(241)
Public Corporations and Trading Funds	0	(157)
Other Entities and Individuals	(44,034)	(39,619)
	(54,465)	(48,710)

22. PROVISIONS

	Accumulated Absences Account £000	Short Term Redundancy £000	Carbon Reduction Commitment £000	Other £000	Total £000	Liability Insurance £000	Long Term NDR Appeals £000	Other £000	Total £000
Balance at 1 April 2013	(4,467)	(165)	(324)	(1,065)	(6,021)	(3,926)	0	(565)	(4,491)
Additional provisions made in 2013/14	(3,217)	(939)	(320)	(23)	(4,499)	(168)	(2,908)	(83)	(3,159)
Amounts used in 2013/14	4,467	172	324	1,065	6,028	585	2,121	43	2,749
Unused amounts reversed in 2013/14	0	0	0	0	0	0		0	0
Balance at 31 March 2014	(3,217)	(932)	(320)	(23)	(4,492)	(3,509)	(787)	(605)	(4,901)

Accumulated Absences – this absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Redundancy – this sum has been provided for to meet the anticipated costs of redundancy on the basis that the Council has issued redundancy notices before 31 March 2014.

Carbon Reduction Commitment - The Council has an obligation to purchase and surrender Carbon Reduction Commitment (CRC) Allowances in relation to carbon dioxide emissions. The provision has been calculated based on the energy consumed and carbon dioxide emitted during 2013/14 and charged to service areas accordingly.

Other Short Term Provisions – this includes provisions for potential contract liabilities that the Council may be liable for.

Liability Insurance– This sum has been provided for to meet the cost of excesses on all Council properties as well as the cost of excesses relating to Public and Employers' Liability Claims on or after 1 April 1998. Amounts over the excess are funded by the Council's external insurers. For 2013/14 this cover was provided by Risk Management Partners Ltd (underwritten by AIG), 9 Alie Street, London, E1 8DE.

NDR Appeals – Represents the Council's share of the provision held for successful appeals against business rates.

Other Long Term Provisions – this includes S106 Accrued Interest, Workshop Deposit Clawbacks, and potential profit share clawbacks.

23. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

	31 March 2014 £000	31 March 2013 £000
Usable Capital Receipts Reserve	0	0
Major Repairs Reserve	3,722	1,402
Reserves	35,119	42,989
Capital Grants Unapplied Account	2,786	3,909
HRA Balance	2,545	1,041
General Fund Balance	20,019	11,528
Total Usable Reserves	64,191	60,869

24. UNUSABLE RESERVES

	31 March 2014 £000	31 March 2013 £000
Revaluation Reserve	137,177	165,661
Capital Adjustment Account	622,864	697,440
Financial Instruments Adjustment Account	(5,900)	(6,202)
Deferred Capital Receipts Reserve	804	834
Pensions Reserve	(297,394)	(349,517)
Collection Fund Adjustment Account	1,365	704
Accumulated Absences Account	(3,217)	(4,467)
Total Unusable Reserves	455,699	504,453

Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

	2013/14 £000	2012/13 £000
Balance at 1 April	165,661	214,441
Upward revaluation of assets	7,736	8,902
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(13,828)	(34,975)
Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services	(6,092)	(26,073)
Difference between fair value depreciation and historical depreciation	(3,833)	(4,173)
Accumulated gains on assets sold or scrapped	(18,508)	(18,534)
Transfer balance to CAA on transfer to Investment Property	(51)	0
Amount written off to the Capital Adjustment Account	(22,392)	(22,707)
Balance at 31 March	137,177	165,661

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction or enhancement of those assets under statutory provision. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the

Comprehensive Income and Expenditure Statement (with reconciling postings to the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2013/14 £000	2012/13 £000
Balance at 1 April	697,440	726,024
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
- Charges for depreciation and impairment of non-current assets	(34,370)	(55,800)
- Revaluation losses on Property, Plant and Equipment	(9,164)	(3,562)
- Amortisation of intangible assets	(420)	(351)
- Revenue expenditure funded from capital under statute	(6,996)	(8,287)
- Amounts of non current assets written off on disposal or sale as part of the gain/loss of disposal to the Comprehensive Income and Expenditure Statement	(107,971)	(55,781)
	(158,921)	(123,781)
Adjusting amounts written out of the Revaluation Reserve	22,392	22,707
Net written out amount of the cost of non current assets consumed in the year	(136,529)	(101,074)
Capital financing applied in the year:		
- Use of the Capital Receipts Reserve to finance new capital expenditure	7,567	6,479
- Use of the Major Repairs Reserve to finance new capital expenditure	1,894	2,706
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	29,478	30,651
- Application of grants to capital financing from the Capital Grants Unapplied Account	1,656	2,041
- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	17,682	28,156
- Capital expenditure charged against the General Fund and HRA balances	2,440	2,777
	60,717	72,810
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,236	(357)
Movements in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	37
Balance at 31 March	622,864	697,440

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund

Balance in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2014 will be charged to the General Fund over a number of years.

	2013/14 £000	2012/13 £000
Balance at 1 April	(6,202)	(6,574)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements.	315	383
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(13)	(11)
Balance at 31 March	(5,900)	(6,202)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2013/14 £000	2012/13 £000
Balance at 1 April	(349,517)	(286,035)
Actuarial gains or (losses) on pensions assets and liabilities	59,672	(54,818)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(32,223)	(31,006)
Employer's pension contributions and direct payments to pensioners payable in the year	24,674	22,342
Balance at 31 March	(297,394)	(349,517)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2013/14 £000	2012/13 £000
Balance at 1 April	834	731
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	99
Transfer to the Capital Receipts Reserve upon receipt of cash	(30)	(18)
Write off of Deferred Capital Receipt Debt	0	22
Balance at 31 March	804	834

Collection Fund Adjustment Account

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

	2013/14 £000	2012/13 £000
Balance at 1 April	704	1,872
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	661	(1,168)
Balance at 31 March	1,365	704

Accumulated Absences Account

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

	2013/14 £000	2012/13 £000
Balance at 1 April	(4,467)	(4,626)
Settlement or cancellation of accrual made at the end of the preceding year	4,467	4,626
Amounts accrued at the end of the current year	(3,217)	(4,467)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,250	159
Balance at 31 March	(3,217)	(4,467)

25. CASH FLOW STATEMENT – RECONCILIATION OF NET SURPLUS / DEFICIT TO THE MOVEMENT ON REVENUE ACTIVITIES

	2013/14 £000	2012/13 (Restated) £000
Surplus/(Deficit) for year per Comprehensive Income & Expenditure Statement	(99,012)	(56,639)
Adjust net surplus or deficit on the provision of services for non cash movements		
Depreciation	34,370	55,801
Impairment and downward valuations	9,164	3,919
Amortisation	420	351
Reductions in fair value of non PWLB Loans	12	5
Soft Loans – Interest adjustment	5	7
Material Impairment Losses on Investments	0	(12)
Increase/Decrease in Interest Creditors	(31)	(54)
Increase/Decrease in Creditors	1,458	(6,142)
Increase/Decrease in Interest and Dividend Debtors	295	(145)
Increase/Decrease in Debtors	(13,980)	(13,635)
Increase/Decrease in Inventories	(256)	354
Pension Liability	7,549	9,646
Contributions to/(from) Provisions	(1,119)	(552)
Carrying amount of non-current assets sold	107,881	55,775
Issuing of Council Mortgages relating to deferred capital receipts	0	(99)
Movement in Investment Property Values	(1,236)	0
	144,532	105,219
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
Carrying amount of short and long term investment sold	(29,645)	(4,184)
Capital Grants credited to surplus or deficit on the provision of services	(30,010)	(30,888)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(8,029)	(6,906)
	(67,684)	(41,978)
Net Cash Flows from Operating Activities	(22,164)	6,602

26. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2013/14 £000	2012/13 £000
Interest received	(1,149)	(784)
Interest paid	19,381	21,596

27. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2013/14 £000	2012/13 £000
Purchase of property, plant and equipment, investment property and intangible assets	30,900	33,726
Other payments for investing activities	184	1,087
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(787)	(6,460)
Proceeds from short term and long term investments	0	(178)
Other receipts from investing activities*	(39,118)	(31,005)
Net cash flows from investing activities	(8,821)	(2,830)

* This includes capital grants received in year.

28. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2013/14 £000	2012/13 £000
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	126	(303)
Repayments of short and long term borrowing	10,029	8,730
Other payments for financing activities*	1,183	(2,581)
Net cash flows from financing activities	11,338	5,846

* Represents change in value of NNDR debtor/creditor

29. 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 resources 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)

The income and expenditure of the Council's principal service areas recorded in the budget reports for the year is as follows:

Service Area Income and Expenditure 2013/14	Adults Services £000	Children's Services £000	Commissioning £000	Public Health £000	Resources & Support £000	Total £000
Fees, charges and other services income	(18,496)	(14,163)	(39,913)	(713)	(59,657)	(132,942)
Government grants	(12,490)	(176,760)	(11,114)	(10,669)	(93,112)	(304,145)
Total Income	(30,986)	(190,923)	(51,027)	(11,382)	(152,769)	(437,087)
Employee expenses	19,146	30,456	30,433	1,924	39,459	121,418
Other service expenses	80,278	213,536	108,550	9,826	99,126	511,316
Support service recharges	3,752	6,424	8,186	846	16,287	35,495
Total Expenditure	103,176	250,416	147,169	12,596	154,872	668,229
Net Expenditure	72,190	59,493	96,142	1,214	2,103	231,142

Service Area Income and Expenditure 2012/13	Adults Services £000	Children's Services £000	Commissioning £000	Public Health £000	Resources & Support £000	Total £000
Fees, charges and other services income	(15,843)	(21,346)	(25,897)	(678)	(69,447)	(133,211)
Government grants	(19,124)	(180,573)	(8,255)	(243)	(109,763)	(317,958)
Total Income	(34,967)	(201,919)	(34,152)	(921)	(179,210)	(451,169)

Service Area Income and Expenditure 2012/13	Adults Services £000	Children's Services £000	Commissioning £000	Public Health £000	Resources & Support £000	Total £000
Employee expenses	17,653	31,469	27,863	733	39,522	117,240
Other service expenses	79,044	231,619	90,778	665	107,948	510,054
Support service recharges	3,439	6,685	7,836	351	24,618	42,929
Total Expenditure	100,136	269,773	126,477	1,749	172,088	670,223
Net Expenditure	65,169	67,854	92,325	828	(7,122)	219,054

Reconciliation of Service Area Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

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

	2013/14 £000	2012/13 (Restated) £000
Net expenditure in the Service Area Analysis	231,142	219,054
Net expenditure of services and support services not included in the Analysis	(156,573)	(188,333)
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	843	(13,756)
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	23,599	39,674
Cost of Services in Comprehensive Income and Expenditure Statement	99,011	56,639

Reconciliation to Subjective Analysis

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

2013/14						
	Service Area Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Corporate Amounts £000	Total £000	
Fees, charges & other service income	(130,688)	(17,250)	0	0	(147,938)	
Surplus or deficit on associates and joint ventures	0	0	0	0	0	
Interest and investment income	(2,253)	(30)	1,429	0	(854)	
Income from council tax	0	0	0	(123,791)	(123,791)	
Government grants and contributions	(304,146)	(850)	0	(137,630)	(442,626)	
Total Income	(437,087)	(18,130)	1,429	(261,421)	(715,209)	

2013/14

	Service Area Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Corporate Amounts £000	Total £000
Employee expenses	121,418	2,834	(1,241)	0	123,011
Other service expenses	473,177	5,130	7,496	(886)	484,917
Support Service recharges	35,495	174	0	0	35,669
Depreciation, amortisation and impairment	0	7,605	37,545	0	45,150
Interest Payments	38,019	2,964	(21,629)	0	19,354
Precepts & Levies	120	0	0	5,567	5,687
Payments to Housing Capital Receipts Pool	0	0	0	458	458
Gain or Loss on Disposal of Fixed Assets	0	266	0	99,709	99,975
Total expenditure	668,229	18,973	22,171	104,848	814,221
(Surplus) or deficit on the provision of services	231,142	843	23,600	(156,573)	99,012

2012/13 comparative figures (Restated)

	Service Area Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(130,574)	(16,848)	0	0	(147,422)
Surplus or deficit on associates and joint ventures	0	0	0	0	0
Interest and investment income	(2,637)	(23)	1,729	0	(931)
Income from council tax	0	0	0	(136,522)	(136,522)
Government grants and contributions	(317,958)	(3,042)	0	(111,278)	(432,278)
Total Income	(451,169)	(19,913)	1,729	(247,800)	(717,153)
Employee expenses	117,240	2,858	(101)	0	119,997
Other service expenses	479,897	(6,466)	(2,684)	356	471,103
Support Service recharges	42,929	265	0	0	43,194
Depreciation, amortisation and impairment	0	2,653	56,409	0	59,062
Interest Payments	30,048	7,170	(15,679)	0	21,539
Precepts & Levies	109	0	0	6,053	6,162
Payments to Housing Capital Receipts Pool	0	0	0	426	426
Gain or Loss on Disposal of Fixed Assets	0	(323)	0	52,632	52,309
Total expenditure	670,223	6,157	37,945	59,467	773,792
(Surplus) or deficit on the provision of services	219,054	(13,756)	39,674	(188,333)	56,639

30. TRADING OPERATIONS

The Council has 19 trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations. Details of these units with a turnover of greater than £5m in 2013/14 are as follows:

		2013/14		2012/13 (Restated)	
		£000	£000	£000	£000
Shire Services operates as a trading organisation within the Council, delivering catering and cleaning services. Shire Services provides catering services to schools in Shropshire, Worcestershire, Herefordshire, Telford and North Wales, as well as to a range of non-school sites in Shropshire. Cleaning services are provided to schools and other Council premises in Shropshire, including the Area Headquarters.	Turnover	(14,563)		(14,276)	
	Expenditure	15,123		14,485	
(Surplus)/ Deficit			560		209
Shropshire County Training has operated as a trading organisation within the Council since 1 September 2004. The principal activity of County Training is the provision of training to enable people of all abilities to gain skills and qualifications required to meet the needs of the local labour market and so help employers to benefit from a better trained or more experienced work force and also to support unemployed people into sustained employment.	Turnover	(7,739)		(7,448)	
	Expenditure	8,236		7,397	
(Surplus)/ Deficit			497		(51)
The consolidated results of the other 17 of the Council's 19 trading units are	Turnover	(41,218)		(50,736)	
	Expenditure	44,072		56,536	
(Surplus)/ Deficit			2,854		5,800
Net Surplus on Trading Activities			3,911		5,958

31. POOLED BUDGETS

During 2013/14, the Council (SC) hosted the Intermediate Care pooled budget with the Clinical Commissioning Group (CCG) as shown below. The services covered by the pooled budget contribute to our aim of "creating and protecting a healthy, independent and safe way of life for all". The Council was not involved in any pooled budgets hosted by other partners.

Intermediate Care with CCG and Shrewsbury and Telford Hospital Trust

	2013/14	2012/13
	£000	£000
Gross Funding		
CCG	(186)	(232)
SC	(752)	(812)
Total	(938)	(1,044)
Expenditure	938	1,044
(Surplus)/Deficit	0	0

32. MEMBERS' ALLOWANCES

The Council paid the following amounts to members of the council during the year.

	2013/14 £000	2012/13 £000
Basic Allowances	850	850
Special Responsibility Allowances	287	296
Expenses	77	78
Total	1,214	1,224

33. OFFICERS' REMUNERATION

The remuneration paid to the Council's senior employees is as follows:

Post Holder Information (Post Title & Name)		Salary	Expense Allowances	Total excl. pension contributions	Employers # Pension contributions	Total incl. pension contributions
Chief Executive (started November 2012)	2013/14	£99,486	£0	£99,486	£11,640	£111,126
	2012/13	£36,061	£0	£36,061	£4,219	£40,280
Kim Ryley – Chief Executive (left November 2012) [^]	2013/14	£0	£0	£0	£0	£0
	2012/13	£116,234	£0	£116,234	£13,599	£129,833
Director of Adult Services (started January 2013)	2013/14	£97,000	£0	£97,000	£11,349	£108,349
	2012/13	£24,250	£0	£24,250	£2,837	£27,087
Director of Children's Services (started January 2013)	2013/14	£97,000	£0	£97,000	£11,349	£108,349
	2012/13	£24,250	£0	£24,250	£2,837	£27,087
Director of Commissioning (started January 2013)	2013/14	£97,000	£0	£97,000	£11,349	£108,349
	2012/13	£24,250	£0	£24,250	£2,837	£27,087
Director of Public Health (started April 2013)	2013/14	£98,453	£0	£98,453	£13,783	£112,236
	2012/13	£0	£0	£0	£0	£0
Director of Resources and Support (started January 2013)	2013/14	£97,000	£0	£97,000	£11,349	£108,349
	2012/13	£24,250	£0	£24,250	£0	£24,250
Director of Places (left December 2012) ²	2013/14	£0	£0	£0	£0	£0
	2012/13	£115,324	£0	£115,324	£11,457	£126,781
Director of Care & Wellbeing (left April 2012) ³	2013/14	£0	£0	£0	£0	£0
	2012/13	£2,083	£0	£2,083	£244	£2,327
Director of People (left May 2013)	2013/14	£18,711	£0	£18,711	£2,189	£20,900
	2012/13	£140,350	£0	£140,350	£16,421	£156,771
Head of Legal and Democratic Services, Monitoring Officer	2013/14	£96,214	£0	£96,214	£11,257	£107,471
	2012/13	£96,959	£0	£96,959	£11,344	£108,303
Head of Finance, Governance & Assurance, S151 Officer (started January 2013)	2013/14	£95,000	£0	£95,000	£11,115	£106,115
	2012/13	£21,634	£0	£21,634	£1,558	£23,192

Post Holder Information (Post Title & Name)		Salary	Expense Allowances	Total excl. pension contributions	Employers # Pension contributions	Total incl. pension contributions
Corporate Head of Finance and Commerce, S151 Officer (left January 2013) ¹	2013/14	£0	£0	£0	£0	£0
	2012/13	£82,836	£0	£82,836	£9,692	£92,528

The Council's pension contributions have now been split between a standard percentage contribution and a lump sum for the Council. As a result the standard percentage per person has decreased and the lump sum payment cannot be allocated to specific individuals.

* ^ The Chief Executive provided services for both Shropshire Council and Cheshire East Council. He was formally employed by Shropshire Council and Cheshire East Council was recharged for his salary and other remuneration for the period August –November 2012. Also received compromise agreement payment of £38,693 during 2012/13 in accordance with the Council's policy.

¹ Also received compromise agreement payment of £70,000 during 2012/13 in accordance with the Council's policy.

² Also received compromise agreement payment of £150,000 during 2012/13 in accordance with the Council's policy

³ Also received standard redundancy payment of £102,488 during 2012/13 in accordance with the Council's policy

The numbers of officers whose remuneration exceeded £50,000 is analysed into bands of £5,000 as follows. The remuneration disclosed below includes salary costs, expense allowances and claims for reimbursement of expenses:

Salaried Remuneration Band £000	2013/14 No. of Employees	2012/13 No. of Employees
50,000 - 54,999	111	110
55,000 - 59,999	41	45
60,000 - 64,999	22	32
65,000 - 69,999	5	9
70,000 - 74,999	2	10
75,000 - 79,999	7	5
80,000 - 84,999	11	8
85,000 - 89,999	4	4
90,000 - 94,999	0	3
95,000 - 99,999	8	2
100,000 - 104,999	1	2
105,000 - 109,999	1	2
115,000 - 119,999	0	2
130,000 - 134,999	0	1
140,000,- 144,999	0	1

The numbers of exit packages with total cost per band and total cost of the exit packages, including redundancy payments, pension strain and unpaid leave are set out in the table below. The figures disclosed include exit packages for schools and the Council.

	No. of compulsory redundancies		No. of other departures agreed		Total no of exit packages by cost band		Total cost of exit packages in each band £000	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
£0 - £20,000	141	62	433	63	574	125	4,539	840
£20,001 - £40,000	8	12	99	18	107	30	2,970	827
£40,001 - £60,000	0	3	34	7	34	10	1,678	456
£60,001 - £80,000	1	4	13	3	14	7	976	476
£80,001 - £100,000	0	0	9	5	9	5	804	444
£100,001 - £200,000	1	2	6	5	7	7	784	920
	151	83	594	101	745	184	11,751	3,963

34. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Authority's external auditors:

	2013/14 £000	2012/13 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	177	187
Fees payable to external audit for the certification of grant claims and returns	21	27
Fees payable in respect of other services provided by the external audit during the year	10	2
Total	208	216

35. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools' Budget. The Schools' Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools' Budget (ISB), which is divided into a budget share for each school.

Details of the deployment of DSG for 2013/14 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2013/14 before Academy recoupment	22,153	156,173	178,326
Academy figure recouped for 2013/14	(80)	(30,518)	(30,598)
Total DSG after Academy recoupment for 2013/14	22,073	125,655	147,728
Plus: Brought forward from 2012/13	340	(130)	210
Less: Carry forward to 2014/15 agreed in advance	0	(400)	(400)
Agreed budgeted distribution in 2013/14	22,413	125,125	147,538
In year adjustments	0	0	0
Final budgeted distribution in 2013/14	22,413	125,125	147,538
Less: Actual central expenditure	(21,309)	0	(21,309)
Less: Actual ISB deployed to schools	0	(124,853)	(124,853)
Plus: Local authority contribution for 2013/14	0	0	0
Carry forward to 2014/15	1,104	272	1,376

36. GRANT INCOME

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2013/14:

	2013/14 £000	2012/13 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	67,074	1,719
Local Services Support Grant	411	1,113
New Homes Bonus	4,581	2,600
Council Tax Freeze Grant	1,312	3,243
Business Rates Relief Grant	1,829	0
LACSEG Repayment	1,157	885
Efficiency Support for Sparse Areas	638	0
Capitalisation Redistribution Provision Grant	354	0
Capital Grants & contributions	25,372	25,458

	2013/14 £000	2012/13 £000
Total	102,728	35,018
Credited to Services		
DWP Council Tax Benefit	0	20,298
DWP Housing Benefit	69,062	69,087
DWP Housing Benefit & Council Tax Benefit Admin Subsidy	1,739	1,979
CLG Waste PFI	3,186	3,186
CLG Social Services PFI	1,523	1,523
EFA Designated Schools Grant	146,162	162,880
EFA/DE Sixth Form funding	4,552	7,256
EFA Pupil Premium Grant	5,307	3,992
DFE Early Intervention Grant	0	11,199
EFA Education Services Grant	4,216	0
DH Learning Disability and Health Reform Grant	0	4,631
DoH Public Health Grant	8,948	0
DfT Local Sustainable Transport	968	818
DfT Severe Weather	1,129	0
Other Grants	7,679	2,503
Capital Grants & contributions	4,638	5,393
Donated Assets	0	37
Total	259,109	294,782

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

	31 March 2014 £000	31 March 2013 £000
Current Liabilities		
Grants Receipts in Advance (Capital Grants)		
Other Grants & Contributions	(1,040)	0
Total	(1,040)	0
Grants Receipts in Advance (Revenue Grants)		
DWP Housing Benefit Subsidy	(4,462)	(5,039)
Homelessness	(708)	(708)
EFA Designated Schools Grant	(1,776)	(210)
CLG Tackling Troubled Families	(377)	(306)
CLG Social Services PFI	(210)	(210)
EFA Pupil Premium Grant	(253)	(164)
Arts Council	(350)	(256)
Other Grants	(2,492)	(5,845)
Total	(10,628)	(12,738)
TOTAL	(11,668)	(12,738)
Long Term Liabilities		
Grants Receipts in Advance (Capital Grants)		
Other Grants & Contributions	0	78
Total	0	78
TOTAL	0	78

37. RELATED PARTIES

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

Central Government has significant influence over the general operations of the Council, being responsible for the statutory framework within which the Council operates, provides the majority of its funding through the payment of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of transactions with Government departments appear in other parts of the Statement of Accounts.

Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. Certain senior officers may also be in a position to influence policies, particularly those who form the Council's management team. All Council members and senior officers have been contacted, advising them of their obligations and asking for any declarations of related party transactions to be disclosed. Members are also asked to confirm that their entries in their Disclosure of Pecuniary Interests are correct.

The Council has made payments to a number of outside organisations on which it is represented by members. The total amount of payments to these bodies in 2013/14 was £20.474m compared with £6.401m for 2012/13.

Councillors are often members of other public or charitable organisations in their own capacity, or are employed by organisations that we process transactions with. These relationships are declared within the Members' register. The Council has made payments of £5.668m to organisations where members are employed and £0.742m to organisations where members and senior officers occupy positions in their own capacity.

The Council also makes contract payments to bodies that members or senior officers may have a beneficial interest in. A total of £0.537m has been made in contract payments to such organisations.

Entities Controlled or Significantly Influenced by the Authority

As administrator for the pension fund, the Council has control of the fund within the overall statutory framework. The Council received £0.914m from the pension fund for the costs of administration it provided in 2013/14 compared with £0.877m for 2012/13.

The Council also has group relationships with West Mercia Energy, South Shropshire Leisure Limited, Shropshire Towns & Rural Housing and IP&E Limited. Further detail on the type of relationship held with each company is considered in more detail under the Group Accounts section which begins on page 106.

38. CAPITAL EXPENDITURE AND FINANCING

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

	2013/14 £000	2012/13 £000
Opening Capital Financing Requirement (including PFI & Finance Lease)	356,449	386,368
Adjustment for loans for capital purposes not previously included in CFR	1,565	0
Adjusted Opening Capital Financing Requirement (including PFI & Finance Lease)	358,014	386,368
Capital investment		
Property, Plant and Equipment	33,406	33,797
Investment Properties	0	238
Intangible Assets	211	369
Revenue Expenditure Funded from Capital under Statute	6,996	8,287
Capital Loans	125	200
Sources of finance		
Capital receipts	(7,567)	(6,479)
Capital grants and other contributions	(31,134)	(32,692)
Direct Revenue Financing (Including MRA)	(4,334)	(5,483)
Minimum Revenue Provision (see note 47)	(17,682)	(28,156)
Closing Capital Financing Requirement (including PFI & Finance Lease)	338,035	356,449
Closing Capital Financing Requirement – Supported & Unsupported Borrowing – General Fund	250,139	263,342
Closing Capital Financing Requirement – Supported & Unsupported Borrowing – HRA	84,594	84,595
Closing Capital Financing Requirement – PFI & Finance Lease	3,302	8,512
	338,035	356,449
Explanation of movements in year		
Increase/(decrease) in underlying need to borrow (supported by Government financial assistance)	(10,453)	(13,554)
Increase/(decrease) in underlying need to borrow (unsupported by Government financial assistance)	(4,316)	(3,010)
Assets acquired under finance leases	(37)	(36)
Assets acquired under PFI contracts	(5,173)	(13,319)
Increase/(decrease) in Capital Financing Requirement	(19,979)	(29,919)

39. LEASES

Authority as a Lessee

Finance Leases

The Council has acquired two salt domes that under IAS17 have been classified as finance leases.

The Council also has two PFI projects: the Quality in Community Services (QICS) PFI and the Waste Services PFI. The Council pays an annual unitary charge (in monthly instalments) to the contractor for the assets and services provided under each PFI contract. This annual unitary charge is comprised of two basic elements: a service element, which is expensed as incurred, and a construction element, which is accounted for as if it were a finance lease.

The assets acquired under these leases are carried as Buildings and Vehicles, Plant and Equipment in the Balance Sheet at the following amounts:

	31 March 2014 £000	31 March 2013 £000
Buildings	31,821	32,551
Vehicles, Plant and Equipment (salt domes)	22	56
Vehicles, Plant and Equipment (PFI)	2,787	4,179
Total	34,630	36,786

The Council is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the property acquired by the Council and 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 2014 £000	31 March 2013 £000
Finance lease liabilities (NPV of minimum lease payments)	85,394	89,190
Finance costs payable in future years	199,852	217,327
Minimum lease payments	285,246	306,517

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000
Not later than one year	3,022	13,035	725	9,400
Later than one year and not later than five years	48,323	46,377	357	3,641
Later than five years	233,901	247,105	84,313	76,150
	285,246	306,517	85,395	89,191

The finance lease liabilities recognised on the balance sheet as “Deferred Liabilities” totals £22.686m. The analysis of the deferred liability is detailed below. Further details of the QICS and Waste PFI lease values are detailed in Note 40 Private Finance Initiative Schemes.

	Salt Domes £000	QICS £000	Waste £000	Total £000
Lease liability (due within 1 year)	(24)	(203)	(1,334)	(1,561)
Lease liability (due after 1 year)	0	(13,075)	(8,049)	(21,124)
	(24)	(13,278)	(9,383)	(22,685)

Operating Leases

The Council has acquired vehicles and equipment by entering into operation leases, with typical lease lengths of three to seven years. The Council also has a number of land and buildings that are held under operating leases.

The minimum lease payments due for the following financial year under non-cancellable leases committed at 31 March under operating leases years are:

	31 March 2014 £000	31 March 2013 £000
Expiring Not later than one year	591	242
Expiring Later than one year and not later than five years	370	882
Expiring Later than five years	882	701
	1,843	1,825

The Authority has sub-let recycling boxes referred to under operating leases to Veolia. The value of payments to be received for these assets is £46,590 per annum, the final payment was in 2013/14.

The expenditure charged in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31 March 2014 £000	31 March 2013 £000
Lease payments	2,092	2,266
Sub Lease Receivable	(47)	(60)
	2,045	2,206

Authority as Lessor

Operating Leases

The Council leases out property under operating leases for a variety of purposes, including:

- For the provision of community services.
- For economic development purposes to provide suitable affordable accommodation for local businesses.
- For income generation as Investment Properties.

The minimum lease payments due under non-cancellable leases committed at 31 March under operating leases years are:

	31 March 2014 £000	31 March 2013 £000
Expiring Not later than one year	189	190
Expiring Later than one year and not later than five years	537	384
Expiring Later than five years	1,297	1,387
	2,023	1,961

40. PRIVATE FINANCE INITIATIVE SCHEMES

The Council has two Private Finance Initiative (PFI) schemes: The Quality in Community Services (QICS) PFI, signed on 21 May 2005, and the Waste Services PFI contract, signed on 29 September 2007.

a. The Quality in Community Services PFI Project

On 21 May 2005 the Council entered into a 30 year contract with Integrated Care Solutions (ICS) to supply and maintain six buildings:

- Three Resource Centres
- A Nursing Home
- A Joint Service Centre
- An Intermediate Care Hub

The contract was a Private Finance Initiative under the Capital Finance Regulations. The Council was awarded a PFI credit of £20.400m.

Property, Plant and Equipment

The sites of five of the six buildings to be constructed under the contract were already in the ownership of the Council before the contract was entered into and each of these sites had on it a building which required demolition prior to the new buildings being constructed. To reflect the demolitions, each of these buildings were written out of the asset register in 2005/06. The land, which will return to the Council at the end of the contract, continues to be recorded in the Council's asset register.

Property provided by the operator under a PFI contract is recognised as an asset of the local authority and a related finance lease liability is recognised at the same time. Once recognised assets are depreciated and re-valued in accordance with the Council's policies.

The value of assets held and liabilities resulting from the QICS PFI contract at each balance sheet date since the commencement of the contract and an analysis of the movements are shown below:

	Year Ended 31/03/14 £000	Year Ended 31/03/13 £000
Non Current Assets – Land & Buildings		
Balance Brought Forward	20,765	21,157
- Depreciation	(392)	(392)
Balance Carried Forward	20,373	20,765
Finance Lease Liability		
Balance Brought Forward	(13,512)	(13,780)
- Repayment of Principal	233	268
Balance Carried Forward	(13,279)	(13,512)

Payments

Payments under the contract can vary according to availability and performance and are also linked to the Retail Price Index (RPIx) and either the Average Earnings Index (AEI), for the 2006/07 to 2013/14 financial years, or the Average weekly Earning (AWE) statistic for the remainder of the contract. The assumed future commitments under the contract, separated into repayments of liability, interest and service charges, are as follows:

Year	Service Charges *	Principal	Interest	Total Unitary Charge Payment
	£000	£000	£000	£000
Amounts Falling Due Within One Year	1,556	203	1,332	3,091
Amounts Falling Due Within 2 - 5 Years	6,700	999	5,108	12,807
Amounts Falling Due Within 6 - 10 Years	9,554	1,832	5,716	17,102
Amounts Falling Due Within 11 - 15 Years	11,227	2,607	4,656	18,490
Amounts Falling Due Within 16 - 20 Years	12,711	4,318	3,063	20,092
Amounts Falling Due Within 21 - 25 Years	6,728	3,319	614	10,661

* comprised of operating costs, lifecycle costs and contingent rental.

b. The Waste Services PFI Project

On 29 September 2007, the former Shropshire County Council, in its capacity as Contracting Authority for the former Shropshire Waste Partnership, entered into a 27 year waste contract with Veolia ES Shropshire Limited. Services under the contract commenced on 1 October 2007. On 20 October 2008 Shrewsbury & Atcham Borough Council joined the Partnership and the contract with Veolia for the remaining 26 years. The contract is a Private Finance Initiative (PFI) contract and is part funded by £40.800m of PFI credits which are paid as an annual PFI grant.

There are two separable elements to the contract: a collection and recycling element and a waste treatment services element.

The collection and recycling element comprises the kerbside collections of recycling and waste, the operation of the Integrated Waste Management Facilities (comprising the household recycling centres and transfer stations) and waste treatment and disposal other than the operation of the Energy Recovery Facility. The contract is an output based contract but proposed waste infrastructure that will be used to deliver services under this element of the contract includes upgrades of the existing Craven Arms and Whitchurch recycling facilities, the development of Integrated Waste

Management Facilities to service the Oswestry and Bridgnorth areas and the development of an In Vessel Composting Facility.

Two broad groups of assets are being provided under the Waste Services PFI contract:

- Vehicles and waste receptacles used to deliver the day to day waste service.
- Assets to be constructed under the contract to deliver improved recycling and diversion performance.

Property, Plant and Equipment

The Council has made existing waste infrastructure assets available to the contractor on a peppercorn lease. In its capacity as Contracting Authority for the former Shropshire Waste Partnership, the former County Council purchased some refuse collection vehicles, using pooled grant funding. These infrastructure assets and vehicles made available to the contractor are recorded in the Council's asset register and continue to be depreciated and re-valued in accordance with the Council's policies.

Property provided by the operator under a PFI contract is recognised as an asset of the local authority and a related finance lease liability is recognised at the same time. Once recognised assets are depreciated and re-valued in accordance with the Council's policies.

The value of assets held and liabilities resulting from the Waste Services PFI contract at each balance sheet date since the commencement of the contract and an analysis of the movements are shown below:

	Year Ended 31/03/14 £000	Year Ended 31/03/13 £000
Non Current Assets – Land & Buildings		
Balance Brought Forward	11,786	11,603
- Depreciation in Period	(338)	(330)
- Additions	2	287
- Revaluation	(2)	226
Balance Carried Forward	11,448	11,786
Non Current Assets - Vehicles, Plant & Equipment		
Balance Brought Forward	4,179	6,161
- Depreciation in Period	(1,423)	(2,304)
- Additions	30	322
Balance Carried Forward	2,786	4,179
Prepayments		
Balance Brought Forward	14,268	5,985
- Planned Capital Expenditure	5,115	8,283
Balance Carried Forward	19,383	14,268
Finance Lease Liability		
Balance Brought Forward	(9,207)	(7,991)
- Additions	(32)	(609)
- Repayment of Principal	(143)	(607)
Balance Carried Forward	(9,382)	(9,207)

Payments

Payments under the contract can vary according to availability of services and facilities and the contractor's performance in delivering the service. Payments are also linked to the Retail Price Index (RPIx). The assumed future commitments for the unitary charge under the contract are as follows:

Year	Service Charges *	Principal	Interest #	Total Unitary Charge Payment
	(£000)	(£000)	(£000)	(£000)
Amounts Falling Due Within One Year	19,400	498	966	20,864
Amounts Falling Due Within 2 - 5 Years	75,338	(642)	42,858	117,554
Amounts Falling Due Within 6 - 10 Years	108,173	10,073	49,603	167,849
Amounts Falling Due Within 11 - 15 Years	120,766	20,313	47,599	188,678
Amounts Falling Due Within 16 - 20 Years	141,102	36,521	35,059	212,682
Amounts Falling Due Within 21 - 24 Years	13,841	5,329	3,278	22,448

* comprised of operating costs and lifecycle costs

comprised of finance lease interest and contingent rental

41. IMPAIRMENT LOSSES

During 2013/14 the Council has recognised a net impairment loss of £1.6m on non current assets in the CIES, compared to £17.8m loss in 2012/13. This related to £0.17m in relation to HRA housing stock for works in 2013/14 that did not add value and were treated so the assets were impaired. £1.635m to General Fund property as a result of changes in the use or level of use of assets and various works that did not add value and were treated as impairment losses when the assets were revalued. There was also an impairment reversal of £0.177m following an asset revaluation.

42. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is technically a defined benefits scheme. However the Scheme is unfunded and the Department of Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations on the notional fund are undertaken every four years.

The scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2013/14, The Council paid £8.820m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2012/13 were £10.319m and 14.1%. There were no contributions remaining payable at the year end.

Public Health employees previously employed by the NHS are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales.

The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the Trust of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In 2013/14, The Council paid £0.090m to the NHS Pensions Scheme in respect of public health employee retirement benefits, representing 14.0% of pensionable pay.

43. DEFINED BENEFIT PENSION SCHEMES

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

The Local Government Pension Scheme, administered by Shropshire Council is a funded defined benefit scheme. This means that the Council and employees pay contributions into a fund, which is invested in accordance with the Local Government Pension Scheme Regulations.

We recognise the cost of retirement benefits in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of 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 and Expenditure Statement and the General Fund/HRA Balance via the Movement in Reserves Statement during the year.

In 2013/14 there have been amendments to the IAS19 Employee Benefits accounting standards which have amended the classification, recognition, measurement and disclosures relating to post employment benefits. Further details of the restatement are shown in Note 2: Prior Period Adjustments And Changes In Accounting Policies.

	Local Government Pension Scheme	
	2013/14	2012/13
		(Restated)
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
- current service cost	(21,069)	(19,197)
- past service gain/(cost)	(751)	(4)
- curtailment gain/(cost)	3,516	622
	(18,304)	(18,579)

	Local Government Pension Scheme	
	2013/14	2012/13 (Restated)
	£000	£000
Financing and Investment Income and Expenditure:		
- net interest expense	(13,919)	(13,409)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(32,223)	(31,988)
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
- return on plan assets	16,755	48,106
- experience (gain)/loss	12,018	0
- actuarial gains and losses arising on changes in demographic assumptions	(21,259)	(92,734)
- actuarial gains and losses arising on changes in financial assumptions	52,158	(9,208)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	27,449	(85,824)
Movement in Reserves Statement		
- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	32,223	31,988
Actual amount charged against the Fund Balances for pensions in the year:		
- employers' contributions payable to scheme	(24,674)	(22,342)

Assets and Liabilities Recognised in the Balance Sheet

	2013/14 £000	2012/13 £000
Present value of the defined benefit obligation	(943,710)	(959,648)
Fair value of plan assets	646,316	610,131
Net liability arising from defined benefit obligation	(297,394)	(349,517)

Reconciliation of the Movements in the Fair Value of the Scheme Assets

	Local Government Pension Scheme	
	2013/14	2012/13 (Restated)
	£000	£000
Opening fair value of scheme assets at 1 April	610,131	540,639
Interest income	25,496	26,380
Remeasurement gain/(loss):		
Return on plan assets excluding the amount included in the net interest expense	16,755	48,106
Contributions from employer	24,674	22,342
Contributions from employees into the scheme	5,708	6,122
Benefits paid	(34,400)	(32,030)
Other	(2,048)	(1,428)
Closing fair value of scheme assets at 31 March	646,316	610,131

Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2013/14	2012/13 (Restated)
	£000	£000
Opening balance at 1 April	(959,648)	(826,674)
Current Service Cost	(20,621)	(18,719)
Interest Cost	(39,415)	(39,789)
Contributions from scheme participants	(5,708)	(6,122)
Remeasurement gain/(loss):		
Actuarial gains/losses arising from changes in demographic assumptions	(21,259)	(9,208)
Actuarial gains/losses arising from changes in financial assumptions	52,158	(92,734)
Other	12,018	0
Past service costs	(751)	(4)
Losses/(gains) on curtailment	(5,187)	(1,782)
Liabilities assumed on entity combinations	0	0
Benefits paid	34,400	32,030
Liabilities extinguished on settlements	10,303	3,354
Closing balance at 31 March	(943,710)	(959,648)

Local Government Pension Scheme Assets

Assets in the Shropshire County Pension Fund consist of the following categories:

	2013/14	2012/13
	£000	(Restated) £000
Cash and cash equivalents	15,834	24,466
Equity investments:		
UK quoted	52,998	80,415
Global quoted	300,020	269,495
Sub-total equity	353,018	349,910
Bonds:		
UK Government fixed	517	1,830
UK Government indexed	64,244	57,901
Government	90,290	81,758
Sub-total bonds	155,051	141,489
Property:		
Property funds	25,659	17,633
Sub-total property	25,659	17,633
Alternatives:		
Private Equity	27,210	27,212
Infrastructure	5,106	3,356
Hedge Funds	64,438	46,065
Sub-total alternatives	96,754	76,633
Total assets	646,316	610,131

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 is dependent on assumptions about mortality rate, salary levels and other variables.

The Council element of the Fund liabilities has been assessed by Mercer Human Resource Consulting Limited, an independent firm of actuaries. Estimates for the Council element of the Fund are based on the latest full valuation of the scheme as at 31 March 2013.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2013/14	2012/13
Long term expected rate of return on assets in the scheme:		
Equity investments	7.0%	7.0%
Government Bonds	3.4%	2.8%
Other Bonds	4.3%	3.9%
Property	6.2%	3.0%
Cash/Liquidity	0.5%	4.9%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.4 yrs	22.4 yrs
Women	25.1 yrs	25.1 yrs
Longevity at 65 for future pensioners:		
Men	24.2 yrs	24.2 yrs
Women	27.1 yrs	27.1 yrs
Rate of inflation	2.4%	2.4%
Rate of increase in salaries	3.9%	3.9%
Rate of increase in pensions	2.4%	2.4%
Rate for discounting scheme liabilities	4.4%	4.2%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	961,872	925,548
Rate of inflation (increase or decrease by 1%)	960,599	926,821
Rate of increase in salaries (increase or decrease by 1%)	946,794	940,626
Rate of increase in pensions (increase or decrease by 1%)	960,599	926,821
Rate for discounting scheme liabilities (increase or decrease by 1%)	927,118	960,302

Techniques Employed to Manage Risk

The Shropshire County Pension Fund does not hold an Asset & Liability Matching Strategy however does use other techniques to manage risks within the Fund. The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits to pay members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price, currency and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. Further details of the market, credit and liquidity risk management are detailed in Note 17 of the Shropshire County Pension Fund Annual Report.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 25 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council anticipated to pay £19.496m expected contributions to the scheme in 2014/15.

The weighted average duration of the defined benefit obligation for scheme members is 18 years for 2013/14 (15 years 2012/13).

44. CONTINGENT LIABILITIES

At 31 March 2014, the Council had the identified the following contingent liabilities:

There are a number of legal and insurance cases outstanding that may result in future costs for the Council. These include:

- A legal claim regarding a breach of contract on a land sale.
- A judicial review regarding a planning application.
- A claim around costs relating to a village green.
- Claims surrounding chancel repair liabilities.
- A judicial review relating to ShropshireLink.

There remains the possibility that some employees of the Council (and former employees who bring a claim within six months of leaving) may bring a claim against the Council to seek retrospective membership of the pension scheme. This would only apply to employees who were employed on a part time basis in the past and as a result were prevented at a particular time from being able to join the Local Government Pension Scheme. The Council did receive a significant number of such claims several years ago but the vast majority have now been dealt with either by the Employment Tribunal or by way of settlement. The likelihood of further claims is low but if they were made they could result in the authority incurring costs. It is not possible to be precise as to what the cost might be in any particular case, as it would depend on the employment period being claimed for. However, such claims would not be material to the accounts as they would relate to prior years.

The Council has provided guarantees to a number of Community Bodies that have been admitted to the Shropshire County Pension Fund, to fund any potential pension liabilities. The bodies who currently have employees who are active members of the scheme are MENCAP, Age Concern (£0.258m), ALC (£0.037m), Coverage Care (£1.438m), South Shropshire Leisure Ltd (£0.132m), South Shropshire Housing Association (£0.682m), HMM Arts (grouped with Shropshire) and Energize Shropshire Telford & Wrekin (Grouped with Shropshire). MENCAP no longer has active members, on closure they cleared their outstanding liabilities, they now have 6 pensioners and 2 deferred members. Age Concern has 9 active members, 19 pensioners and 13 deferred members; ALC has 2 active members, 1 pensioner and 1 deferred member. The guarantee for Coverage Care Ltd covers staff Tupe'd to them in a contract entered into 1 March 1997, they have 27 active members, 116 pensioners, 42 deferred members and 8 dependants. Coverage Care also entered into a further contract on 13 January 2013, in which the staff Tupe'd over from Shropshire Council, they have 45 active members and 4 pensioners. South Shropshire District Council offered a guarantee to South Shropshire Leisure Ltd and South Shropshire Housing Association which transferred to Shropshire Council on 1 April 2009. These Employers have jointly 28 active members, 32 pensioners, 27 deferred members and 1 dependant. HMM Arts have 1 active member, 3 deferred members and 1 pensioner. The guarantee for Energize Shropshire Telford & Wrekin covers staff Tupe'd to them on 1 January 2013, they have 2 active members. These do not therefore represent a significant potential liability for the Council.

The Council has entered into four "Funding and Development Agreements" with a Development Trust for construction of supported living properties. Under these agreements the Development Trust has provided the Council with funding totalling £1,026,860 for the construction of a supported living property at each site. The

contributions will be repayable if the properties cease to be used as supported living properties or the Council fails to conform to the stipulated conditions of the contract within a period of 30 years from when the properties are first occupied.

45. CONTINGENT ASSETS

The Council currently has a number of appeals lodged with HMRC with regard to VAT treatment which may result in a reimbursement to the Council of VAT paid over to the Government. The specific cases include a compound interest claim, claims for trade waste, car parking, landfill and a cultural exemption. These claims for reimbursement are subject to legal cases being pursued nationally and if successful will provide legal precedent to be applied. Timescales on these cases are uncertain but should be progressed in the next 12-24 months.

46. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The identification, understanding and management of risk are, by necessity, a major part of the Council's treasury management activities. The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses;
- By approving annually in advance prudential and treasury indicators for the following three years;
- By approving an investment strategy for the forthcoming year.

To avoid the Council suffering loss as a result of its treasury management activities a number of risk management procedures have been put in place.

These procedures are based on the concept that firstly security of principal is paramount, secondly that there is a need to maintain liquidity and finally earning a rate of return commensurate with the first two concepts.

Credit Risk Exposure

Credit and counterparty risk is the failure by a third party to meet its contractual obligations under an investment, loan or other commitment, especially due to deterioration in its creditworthiness.

As a holder of public funds, Shropshire Council regards it a prime objective of its treasury management activities to be the security of the principal sums it invests. The enhancement of returns is a secondary consideration to the reduction or minimisation of risk. Accordingly, the Council ensures that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited.

The main criteria for determining the suitability of investment counterparties is outlined in the Council's creditworthiness policy which is approved as part of the Annual Investment Strategy. The Council's lending list is reviewed continuously in conjunction with its treasury advisor and formally updated monthly. Additions to, and deletions from, the list are approved by the Section 151 Officer.

The total permitted investment in any one organisation at any one time varies with the strength of the individual credit rating. For the highest rating the maximum amount is currently limited to £30.000m.

The analysis below summarises the Council's potential maximum exposure to credit risk, based on the experience of default, adjusted to reflect current market conditions.

	Amount deposited at 31 March 2014	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2014	Estimated maximum exposure to default and uncollectability at 31 March 2014	Estimated maximum exposure at 31 March 2013
	£000	%	%	%	£000
	A	B	C	(AxC)	
Loans and receivables held with counterparties having a default rating of:					
AA	40,000	0.02	0.02	0.00	0.00
A	66,720	0.09	0.09	0.00	0.00
Other Local Authorities Debtors (Customers)	3,000	0.00	0.00	0.00	0.00
	21,447	Local Experience	Local Experience	Local Experience	Local Experience

No credit limits were exceeded during the reporting period and the authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority generally allows its customers 30 days credit. Of the £21.477m outstanding from customers £10.877m is past its due date for payment. This amount past due date is analysed by age as follows:

Age of Debt	2013/14 £000	2012/13 £000
Less than 3 months overdue	4,490	1,738
3 to 6 months overdue	1,522	1,722
6 months to 1 year overdue	1,262	1,409
More than 1 year overdue	3,603	3,254
	10,877	8,123

Liquidity Risk Exposure

Liquidity risk is the risk that cash is not available when required. This can jeopardise the ability of the Council to carry out its functions or disrupt those functions being carried out in the most cost effective manner. The Council therefore has sufficient standby facilities to ensure that there is always sufficient liquidity to deal with unexpected circumstances.

As the Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loan Board and money markets for

access to longer term funds, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourably high interest rates. The authority's strategy therefore is to ensure that no more than 15% of loans mature in any one financial year.

In addition, all of the Council's short term liquidity requirements can be satisfied through short term borrowing and bank overdraft facilities.

The maturity analysis of financial liabilities is as follows:

Age of Debt	2013/14 £000	2012/13 £000
Less than 1 year	5,061	10,074
Between 1 and 2 years	8,859	5,057
Between 2 and 5 years	17,400	20,200
Between 5 and 10 years	25,500	26,000
More than ten years	286,068	291,568
	342,888	352,899

Interest Rate Risk

Interest rate risk is the risk that unexpected changes in interest rates expose the Council to greater costs or a shortfall in income than have been budgeted for. The Council minimises this risk by seeking expert advice on forecasts on interest rates from its Treasury Management consultants, and agreeing with them the strategy for the forthcoming year for the investment and debt portfolios. Movement of actual interest rates against these expectations is monitored continuously with advice from our treasury advisor.

The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. Interest rate exposure limits and other prudential limits are set through this Strategy. The limit for variable rate debt is 50% of the total debt portfolio however the Council works to a more prudent level and maximises its exposure to 25%. As borrowings are not carried at fair value, nominal gains and losses on fixed rate borrowings do not impact on the Surplus or Deficit on the Provision of Services or other Comprehensive Income and Expenditure.

As at 31 March 2014 the Council's total outstanding debt (excluding accrued interest) amounted to £342.888m of which none of these loans were at stepped interest rates. Out of this balance £293.568m relates to fixed rate Public Works Loan Board (PWLB) loans, £49.200m relates to Lenders Option Borrower Option (LOBO) market loans, £0.061m relates to temporary loans for voluntary groups and £0.059m relates to SALIX loans. As the LOBO loans have a call option where the lender can increase the rate of the loan at predetermined dates these loans are classified as variable rate loans. If the lender increases the interest rate on the LOBO loans at the predetermined date then the Council has the option to repay the loan in full thereby offering the potential for the Council to avoid this increase in interest payable.

The majority of the Council's investments are fixed rate deposits however, investments in Call Accounts are classified as variable rate investments. As at the end of March 2014, £73.070m was held in a Call Account.

Price Risk

The Council, excluding the pension fund, does not invest in equity shares or bonds, therefore is not exposed to losses arising from movements in share/bond prices.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies therefore the exposure to loss arising from movements in exchange rates is zero.

47. MINIMUM REVENUE PROVISION

The Council is required by statute to set aside a minimum revenue provision (MRP) for the redemption of external debt.

	2013/14 £000	2012/13 £000
MRP – Supported Borrowing	8,626	9,127
MRP – Telford & Wrekin Council, Probation and Magistrates	975	1,036
MRP – Unsupported Borrowing	2,720	2,710
MRP – HRA Voluntary	0	1,200
MRP – SALIX (Soft Loans)	118	118
MRP – Quality in Community Services (QICS), Waste PFI and Finance Leases	5,242	13,965
Total MRP	17,681	28,156

The Council has calculated MRP for supported borrowing (i.e. borrowing that is funded by Central Government grant) in accordance with option 1, the Regulatory Method. This starts with the opening Capital Financing Requirement which is then adjusted for the variance between the former credit ceiling and the capital financing requirement as at 1 April 2004 (known as adjustment “A”) when the prudential borrowing system was first introduced. The adjustment “A” total is £4.446m (this combines the adjustment “A” values of the previous Authorities who had a Capital Financing Requirement as at 1 April 2010).

For new unsupported borrowing under the Prudential system (i.e. borrowing for which no Government grant is received which is therefore self-financed) the Council has calculated MRP in accordance with option 3, Asset Life Method. Therefore the Council makes provision over the estimated life of the asset (or payback period on spend to save schemes) for which the borrowing is undertaken.

Both Council PFI schemes are accounted for as on balance sheet, with an MRP charge, equivalent to the finance lease principal payment on the assets provided. Where prepayments are recognised for assets not yet provided under the PFI contract or for lifecycle replacement costs, where the expenditure has not yet been incurred, a corresponding entry is also made to set aside the prepayment element of the unitary payment in the Capital Adjustment Account.

The Council also has two leases that are accounted for as finance leases and these are also accounted for with an MRP charge, equivalent to the finance lease principal payment.

The SALIX (Soft Loans) element of the MRP charge relates to soft loans at zero percent interest that were advanced to the Council to implement energy saving schemes. The savings generated from these schemes are used to repay loan principal, which is treated as an MRP payment.

In managing the HRA debt and considering the HRA business plan there is no mandatory requirement to make provision in the HRA for annual MRP payments. However, the Council will make annual voluntary provision for debt repayment in the HRA based on affordable levels in the HRA against the need for investment and delivering services in the HRA.

48. TRUST ACCOUNTS

Funds held in Trust Accounts are not available for the Council's use. The Council supports the work of a number of trusts including:

Trust	Purpose	Income £	Expenditure £	Assets £	Liabilities £
Shropshire Youth Foundation	Supports the development of under 25 year old residents in Shropshire through their leisure time activities.	(13,296)	7,002	221,881	0
Shropshire Schools Jubilee Trust	General fund to support the learning needs of children and young people either living or studying in Shropshire.	(4,362)	1,265	136,910	0
Rosalie Inskip Music Trust	Supports excellence in music for young people living in Shropshire.	(7,745)	1,168	262,713	0
Priory Educational Trust	Charitable trust to support ex-pupils of Priory Boys School.	(1,093)	0	48,345	0
Lyneal Trust	A charity that offers canal and canal side holidays for people with disabilities, their family and friends.	(69,707)	37,114	460,853	(3,594)
Sight Loss Shropshire	A charity that helps and supports blind and visually impaired people in Shropshire and Telford & Wrekin	(70,043)	47,750	501,206	(3,638)

Accounts are prepared and published for these organisations, Shropshire Council is not the only trustee and turnover is not material.

Trusts deliver great benefit into the local community and make a valuable contribution but the Council itself does not derive benefit from them.

49. HERITAGE ASSETS: FIVE-YEAR SUMMARY OF TRANSACTIONS

	2010/11*	2011/12	2012/13	2013/14
	£000	£000	£000	£000
Cost or Acquisition of Heritage Assets				
Museum and Archives artefacts	0	0	7	10
Outdoor Statues/ Monuments/Historic Building Remains	80	580	24	6
Intangible - Digitalisation of Records	0	0	0	52**
Total Cost of Purchases	80	580	31	68
Value of Heritage Assets Acquired by Donation				
Museum and Archives artefacts	0	0	36	0
Total Donations	0	0	36	0

* 2010/11 figures are transactions that would have taken place had the accounting standard on Heritage Assets been adopted in that financial year; these were not reflected in the balance sheet due to being below the Council's materiality level for restatement.

** Includes expenditure from 2012/13, included as asset under construction in 2012/13.

As per paragraph 4.10.4.5 of the Code, this information is not provided for any period before 1 April 2010 due to complete information not being available prior to the formation of Shropshire Council (1 April 2009).

50. HERITAGE ASSETS: FURTHER INFORMATION ON THE MUSEUM'S COLLECTIONS

Shropshire Museums Collections

Shropshire Museums Collections Management Policy 2012-2017 (approved by Cabinet May 2012) provides full details of the collections held by the Service and the management of the collections. Shropshire Museums collects material which reflects the natural and human history of the historic county of Shropshire. Existing collections are outlined below:

Agricultural Collection (Active) – 2,200 Holdings

The Working Farm Museum, its maintenance and its interpretation has been, and remains, the focus for the development of the Agricultural Collection. These include an important collection of hand tools (especially wheel-wrighting and blacksmithing tools), implements, feed processing machinery, and vehicles and machinery relating to horse-drawn husbandry. There are significant large-scale individual artefacts including two restored threshing boxes and a working forge. Acton Scott also holds a collection of domestic artefacts relating to the cottage economy. As the scale of the collection developed beyond the storage capacity on site at Acton Scott an off-site store has been established to accommodate reserve collection items.

Archeology Collection (Active) – 119,500 Holdings

The Archaeology Collection reflects more than 10,000 years of human activity in the county, from the first stone tools to the relics of Shropshire's industrial past. Principal current holdings are:

Prehistory: The Prehistoric past of the county is represented by stone tools, metalwork and pottery. Early Prehistory and the Iron Age are poorly represented. Significant items include a large collection of Bronze Age metalwork and material from excavations such as Bromfield Bronze Age Cemetery.

Roman: The Roman collection comprises mainly of ceramics and building materials. There is a small collection of metalwork. Significant collections include material from excavations at the Roman towns of Wroxeter, Leintwardine and Whitchurch.

Medieval: The Medieval collection is represented by a narrow range of material, principally ceramics such as decorated floor tiles. Metalwork and certain other classes of object are underrepresented. Most of the items are Later Medieval in date with very few Early Medieval finds. Significant items include the finds from Shrewsbury Abbey and Bridgnorth Friary.

Post-Medieval: There is a small collection of Post-Medieval material comprising mainly of ceramics and metalwork. Most of this is of poor quality. This is mainly due to the lack of urban development within the county's historic towns.

Foreign: There are a small number of artefacts from foreign sources including some Egyptian finds, Roman artefacts and Greek coins. The majority of this material has been transferred to other institutions and a small reference collection retained for educational purposes.

Key items within the collection are the Wroxeter excavation archives and specific single finds such as the Wroxeter Roman Mirror, Hadrianic inscription and tombstones. Other chance finds such as the Dinham Pommel and North Shropshire Pendant are of regional importance.

Archives Collection (Active) – 14,000 Holdings

Our written and printed records are a vital source of historic information. Photographs, letters, newspapers and other ephemera can give a unique insight into the history of Shropshire and the lives of its inhabitants.

The Museum Service holds a collection of around 9,000 images primarily of topographical views of south Shropshire, townscapes, special events, civic occasions etc. The Museum Service also holds a collection of some 14,000 original manuscripts, typescripts, diaries, notebooks, maps, illustrations, diagrams, annotated books, water-colours, photographs, printed ephemera and appropriate original electronic data and other similar items relating to its collections and the towns of Ludlow, Much Wenlock and Shrewsbury.

Biology Collection (Active) – 60,000 Holdings

The Natural History collections contain plants and animals collected from both Shropshire and further afield by people associated with the County. This collection is a remarkable record of the flora and fauna of Shropshire both today and in years past.

The Museum Service Natural History collections comprise some 77,000 specimens of fungi, plants, invertebrates and vertebrates currently stored in Ludlow at the Museum Resource Centre. Shropshire Museums holds around 200,000 biological records of living species.

Costume & Textiles Collection (Active) – 5,000 Holdings

Shropshire Museums collects costume in order to illustrate the clothing worn by Shropshire inhabitants over time. Wherever possible items are collected that have a strong provenance which associates it with a named individual and contextual information about their life. Shropshire Museums also collects to illustrate the textile products of the county.

The Costume and Textile Collection contains items dating from 1700 to 1980. It includes over 100 complete dresses, of which eight date from before 1810, and two are particularly important 18th century examples. There are examples of menswear, including a group of agricultural smocks and some 18th and early 19th century decorative waistcoats. There are also good examples of Victorian children's wear, doll's clothes and some samplers.

The collection includes a small number of leather and fur garments and accessories and a group of fans, three constructed of ostrich feathers. There is a good collection of lace and the Kay Kohler Collection of costume, needlework and textiles includes material for many parts of the World.

An 18th century mantua (1710), the Hazledine Wedding Dress (1758), Clive of India's Mayoral Robe (1760) and a Postman's Coat of 1860 are among some important items in the collection.

Decorative & Applied Arts Collection (Active) – 6,000 Holdings

Shropshire has inspired and been home to generations of artist, craftsmen and writers over the years. Their work gives us an insight into how they perceived the area and both worked and interacted with it. The decorative arts also reflect an aspect of industry within the County in particular the products of the potteries and foundries of Ironbridge Gorge and beyond.

The strength of our Decorative Art collection lies in the quality of particular groups rather than single items, in particular our Caughley Collection.

Ethnography Collection (Dormant) – 210 Holdings

Like many ethnographic collections in Britain's museums this material has mainly been donated by local individuals who have travelled extensively or worked abroad and brought these items home as souvenirs. It was donated historically to Shropshire's museums as a window on the British Empire and the wider world. Shrewsbury Museums Service's collections included numerous ethnographic items until they were transferred to Birmingham Museum in the 1960s. A small collection of about 200 items is retained on a care and maintenance basis.

Fine Arts Collection (Active) – 3,700 Holdings

Shropshire has inspired and been home to generations of artists, craftsmen and writers over the years. Their work gives us an insight into how they perceived the area and both worked and interacted with it. Topographical paintings and prints are also a valuable visual record of the County especially prior to the invention of photography.

The Museum Service's current collection consists mainly of paintings including of oils, water-colours and prints, principally of local topographical interest. Views of Shrewsbury, Ludlow and South Shropshire form the largest grouping. There are also small collections from Much Wenlock and Whitchurch. This material includes a notable collection of works by Randolph Caldecott.

In 1989 the County Council began a policy of commissioning modern works of art and crafts from Shropshire artists and makers, of either national standing or judged to be of that potential. This group of mainly paintings, alongside some modern art pieces commissioned by Shrewsbury Museums, forms a small contemporary arts collection.

Shropshire Museum also currently cares for a collection of paintings which are owned by Shropshire Council but have not been formally transferred to the museum collections. These paintings once hung at Shirehall and the Law Courts and feature notable figures in local administration and well-known views within the County.

Geological Collection (Active) – 41,500 Holdings

Shropshire has some of the most varied geology in the whole of Britain. Eleven of the thirteen geological time periods are represented in Shropshire. No other area in Britain of a similar size shows such a diverse range of geological time periods. All over the world there are geological formations named after places in Shropshire such as Ludlow, Wenlock and Caradoc. This shows just how important the geology of Shropshire is, not only locally but worldwide.

The Museum Service's Geological collections comprise some 41,500 specimens of fossils, minerals and rocks, currently stored at the Ludlow Museum Resource Centre. The collection has been recognised as one of international importance.

Numismatics Collection (Active) – 6,000 Holdings

Shropshire Museums collects numismatics to: Represent the coins struck in Shropshire; Acquire single items or hoards which have regional or national significance and have a demonstrable story to tell about the history of Shropshire; Represent significant events and individuals which have been marked by the presentation or production of a medal or medallion; and Acquire tokens which provide evidence of local businesses Gold doubles within Shropshire.

Our current holdings are dominated by Roman coins including 3,500 coins from Wroxeter excavations and approximately 20 Roman Hoards. Other important items include Shrewsbury mint coins dating from the 10th century until the Civil War. Local tokens are also represented. The remaining coins are mainly representative of British coinage with a small number of non-British currencies represented.

Social History Collection (Active) – 14,775 Holdings

The Social History collection includes both the everyday things used by local people, and some of their more treasured possessions. They form a valuable record of the way that people used to live, eat, dress, work and play. The strengths of the existing social history collections lie in the local history collections established over the years at Ludlow, Much Wenlock and Whitchurch.

At Much Wenlock Museum there is an important collection of material relating to Dr William Penny Brookes, the founding father of the modern Olympic Movement. An element of this collection is on loan from the Much Wenlock Olympic Association and Much Wenlock Town Council.

Preservation and Management

The Shropshire Museums Collections Management Policy 2012-2017 details the preservation and management of the individual collections held by Shropshire Museums. Shropshire Museums' collections are held in trust by Shropshire Council in perpetuity for the benefit, education and enjoyment of the people of Shropshire and visitors to the County.

Shropshire Museums currently employs three members of staff with relevant degrees, a postgraduate Masters or Diploma in Museum Studies and substantial relevant experience to manage the museum sites and collections. These officers make up the core of the Shropshire Museums Curatorial Board which oversees all acquisition and disposal decisions and Collection Management Policy. The Senior Archivist for Shropshire Council also attends the Curatorial Board meetings to provide advice on the curation of archival collections. As part of on-going collection care programmes additional expert curatorial advice and work is commissioned from consultants for specific sections of the collection as required.

Shropshire Museum's aims to store, handle, display and use its collections in a way that minimises the risk of damage and deterioration. An annual review of resources, facilities and activities is used to identify and prioritise collection care projects. In order to ensure that collections can be used, rather than used up, a careful balance between conservation and use has to be achieved. Collections can only benefit present and future users if professional standards of care are applied to ensure their long term survival. In order to ensure high levels of collection care are maintained Shropshire Museums works to the Standards in Museum Care of Collections published by the Museums and Galleries Commission. Shropshire Council has resources in place for a comprehensive operational and maintenance programme for its existing stock of buildings, services and plant.

The acquisition priorities vary between the principal collections based on existing gaps in the collection and the capabilities and resources available to the service to adequately store, conserve and display collections. By definition, the Museum Service has a long-term purpose and should possess permanent collections in relation to its stated objectives. As a consequence, except for curatorial reasons, there is a strong presumption against the disposal of any items in the museum's collection. Any proposed disposals will be made within a strict framework to ensure the public's long term interest in our collections is safeguarded.

The Museum service has a collection management database, the level of catalogued entries varies between collections; however to date only around 40% of the total collection has been catalogued and entered onto the collection management database. The Collection Management Policy estimates there is a backlog of approximately 3,500 days cataloguing and recognises a significant body of work is needed to photograph the collection and revise catalogue entries to make the collection accessible online.

Section 6

Group Accounts



Introduction

The 2004 Statement of Recommended Practice (SORP) set out comprehensive new requirements for Group Accounts. These require authorities to enhance their Statement of Accounts with information about their interest in subsidiaries, associates and joint ventures in a set of group accounts

A review of all of the Council's relationships with other bodies has been carried out to consider whether it is appropriate to prepare full group accounts. The transactions involved are not considered material to the Council's accounts however the Council has decided to provide a full disclosure in terms of bodies that it has a relationship with.

The single entity accounting policies detailed on pages 22-41 have been adopted and applied for group account purposes.

WEST MERCIA ENERGY

West Mercia Energy (WME) is a Purchasing Consortium that was established as a Joint Committee under s101 of the Local Government Act 1972. Shropshire Council is one of four constituent Authorities, the other three Councils are Worcestershire County Council, Herefordshire Council and the Telford & Wrekin Council.

Shropshire Council has reviewed in detail the accounting treatment that should be applied to WME within this Council. The Council considers that WME should be accounted for as a Joint Venture (under IAS 31 – Interests in Joint Ventures) with specific regard to the independence that West Mercia Energy has to pursue its own commercial strategy in buying and selling and has access to the market in its own right for its main inputs and outputs.

Shropshire's share of West Mercia Energy's balances is 27.5%. The company has been incorporated into the Group Accounts using the Proportionate Consolidation method. Figures have been consolidated based on the draft unaudited statement of accounts for 31st March 2014. For 2013/14 West Mercia Energy had total income of £65.037m, total expenditure of £64.761m, assets of £14.380m and liabilities of £15.777m.

SHROPSHIRE TOWNS & RURAL HOUSING LIMITED

Shropshire Towns and Rural Housing Limited (the Company) is a private company limited by guarantee wholly owned by Shropshire Council (the Council). The Company was formed as an Arm's Length Management Organisation under Section 27 of the Housing Act 1985 to undertake the management and maintenance of Shropshire Council's retained housing stock from 1st April 2013.

Shropshire Towns and Rural Housing Limited has been included within the accounts as a subsidiary under the requirements of IAS 27 (Consolidated and Separate Financial Statements) by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and the Balance Sheet. For 2013/14 Shropshire Towns and Rural Housing Limited had total income of £9.981m, total expenditure of £9.774m, assets of £3.029m and liabilities of £3.007m.

SOUTH SHROPSHIRE LEISURE LIMITED

This is a company registered as an Industrial and Provident Society. As at 31 March 2014, the Council owned two of the allotted sixteen shares. The shares have equal voting rights, but the Council must represent less than 20% of the vote at all times.

The Society commenced trading on 1 April 2004, and manages leisure facilities in South Shropshire, which are owned by the Council and leased to the Society.

South Shropshire Leisure Limited has been included in the accounts as a quasi-subsidiary. This recognises that the Council is unable to exercise dominant influence in the running of the Society, due to the small proportion of the shares held by the Council and the limited voting rights. It also recognises that a large proportion of the Society's income comes from the management fee paid by Shropshire Council and that the Council benefits from the provision of leisure services.

The Society has been incorporated into the Group Accounts by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and the Balance Sheet. In order to recognise the influence of the other shareholders, the proportion of the Society represented by the remaining fourteen allotted shares is shown separately as minority interest. For 2013/14 South Shropshire Leisure Limited had total income of £2.054m, total expenditure of £2.137m, assets of £0.697m and liabilities of £0.550m.

IP&E LIMITED

IP&E Limited is a trading company wholly owned by Shropshire Council. It has been established to provide public services on the council's behalf and will also be able to trade with other organisations. The company was incorporated on 30 May 2012.

IP&E Limited has been included within the accounts as a subsidiary under the requirements of IAS 27 (Consolidated and Separate Financial Statements) by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and the Balance Sheet. Figures have been consolidated based on the audited statement of accounts for 31st March 2014, however these have not been formally approved by the IP&E Board. For 2013/14 IP&E Limited had total income of £0.306m, total expenditure of £0.329m, assets of £0.132m and liabilities of £0.224m.

GROUP ACCOUNTS

Group Movement in Reserves Statement

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's Share of Reserves of Subsidiaries, Associates and Joint Ventures £000	Total Authority Reserves £000
Balance at 31 March 2013	11,528	42,989	1,041	1,402	3,909	60,869	504,453	565,322	(751)	564,571
Movement in reserves during 2013/14										
Opening Transactions with owner	(793)	0	0	0	0	(793)	0	(793)	0	(793)
Surplus or (deficit) on the provision of services	(88,043)	0	(844)	0	0	(88,887)	0	(88,887)	(9,953)	(98,840)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	53,580	53,580	803	54,383
Total Comprehensive Income and Expenditure	(88,836)	0	(844)	0	0	(89,680)	53,580	(36,100)	(9,150)	(45,250)
Adjustments between Group Accounts and authority accounts	(9,332)	0	0	0	0	(9,332)	0	(9,332)	9,366	34
Net Increase/Decrease before Transfers	(98,168)	0	(844)	0	0	(99,012)	53,580	(45,432)	216	(45,216)
Adjustments between accounting basis and funding basis under regulations	98,793	0	2,344	2,320	(1,123)	102,334	(102,334)	0	0	0
Net Increase/Decrease before Transfers to Earmarked Reserves	625	0	1,500	2,320	(1,123)	3,322	(48,754)	(45,432)	216	(45,216)
Transfers to/from Earmarked Reserves	7,866	(7,870)	4	0	0	0	0	0	0	0
Increase/Decrease in 2013/14	8,491	(7,870)	1,504	2,320	(1,123)	3,322	(48,754)	(45,432)	216	(45,216)
Balance at 31 March 2014	20,019	35,119	2,545	3,722	2,786	64,191	455,699	519,890	(535)	519,355

GROUP ACCOUNTS

Restated	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's Share of Reserves of Subsidiaries, Associates and Joint Ventures £000	Total Authority Reserves £000
Balance at 31 March 2012	12,605	36,684	997	0	5,751	56,037	645,834	701,871	2,663	704,534
Movement in reserves during 2012/13										
Surplus or (deficit) on the provision of services	(60,812)	0	5,033	0	0	(55,779)	0	(55,779)	(4,101)	(59,880)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(79,910)	(79,910)	(230)	(80,140)
Total Comprehensive Income and Expenditure	(60,812)	0	5,033	0	0	(55,779)	(79,910)	(135,689)	(4,331)	(140,020)
Adjustments between Group Accounts and authority accounts	(860)	0	0	0	0	(860)	0	(860)	917	57
Net Increase/Decrease before Transfers	(61,672)	0	5,033	0	0	(56,639)	(79,910)	(136,549)	(3,414)	(139,963)
Adjustments between accounting basis and funding basis under regulations	66,917	0	(4,985)	1,402	(1,842)	61,492	(61,492)	0	0	0
Net Increase/Decrease before Transfers to Earmarked Reserves	5,245	0	48	1,402	(1,842)	4,853	(141,402)	(136,549)	(3,414)	(139,963)
Transfers to/from Earmarked Reserves	(6,322)	6,305	(4)	0	0	(21)	21	0	0	0
Increase/Decrease in 2012/13	(1,077)	6,305	44	1,402	(1,842)	4,832	(141,381)	(136,549)	(3,414)	(139,963)
Balance at 31 March 2013	11,528	42,989	1,041	1,402	3,909	60,869	504,453	565,322	(751)	564,571

GROUP ACCOUNTS

Reconciliation of Movement in Reserves Statement to Balance Sheet where there are Minority Interests

	31 March 2014 £000	31 March 2013 £000
Total Reserves in the Movement in Reserves Statement	519,355	564,571
Minority interests' share of reserves of subsidiaries	129	51
Total Reserves in the Balance Sheet	519,484	564,622

Adjustments between Group Accounts and Authority Accounts in the Group Movement in Reserves Statement

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's Share of Reserves of Subsidiaries, Associates and Joint Ventures £000	Total Authority Reserves £000
Transfer of pension fund deficit	(793)	0	0	0	(793)	0	(793)	793	0
Purchase of goods and services from subsidiaries	10,125	0	0	0	10,125	0	10,125	(10,159)	(34)
Total adjustments between Group Accounts and authority accounts	9,332	0	0	0	9,332	0	9,332	(9,366)	(34)

GROUP ACCOUNTS

The Group Comprehensive Income & Expenditure Statement

2012/13 (Restated) Group Expenditure £000		SC Net Expenditure £000	2013/14 Adjustments £000	Group Expenditure £000
	Expenditure on Continuing Services			
68,514	Adult Social Care	76,183	0	76,183
8,130	Central Services to the public	6,092	498	6,590
58,210	Children's and Education Services	55,539	0	55,539
22,261	Cultural and Related Services	20,986	84	21,070
23,117	Environmental and Regulatory Services	27,311	0	27,311
26,568	Highways and Transport Services	30,152	0	30,152
(7,052)	Local Authority Housing (HRA)	(1,595)	(236)	(1,831)
8,568	Other Housing Services	5,973	0	5,973
9,536	Planning Services	7,584	0	7,584
0	Public Health	93	0	93
4,547	Corporate and Democratic Core	5,078	0	5,078
537	Non Distributed Costs	(1,608)	0	(1,608)
	Share of Operating Results of Joint Venture			
(18,292)	- Turnover	0	(17,905)	(17,905)
17,703	- Cost of Sales and Operating Expenses	0	17,384	17,384
222,347	Net Cost of Services	231,788	(175)	231,613
58,897	Other Operating Expenditure	106,374	0	106,374
38,839	Financing and Investment Income and Expenditure	33,024	75	33,099
(260,179)	Taxation and Non Specific Grant Income	(272,174)	0	(272,174)
59,904	Group (Surplus)/Deficit on the Provision of Services	99,012	(100)	98,912
11,269	(Surplus) or deficit on revaluation of non-current assets	2,093	0	2,093
14,804	Impairment losses on Non Current Assets Charged to the Revaluation Reserve	3,999	0	3,999
54,155	Remeasurement of pension assets and liabilities	(59,672)	(953)	(60,625)
80,228	Other Comprehensive Income and Expenditure	(53,580)	(953)	(54,533)
140,132	Total Comprehensive Income and Expenditure	45,432	(1,053)	44,379

GROUP ACCOUNTS

Analysis of Minority Interest Shares in the Group Comprehensive Income and Expenditure Statement

Attributable shares of income and expenditure						
2012/13				2013/14		
Authority	Minority Interests	Total		Authority	Minority Interests	Total
£000	£000	£000		£000	£000	£000
59,880	24	59,904	(Surplus) or Deficit on the Provision of Services	98,839	73	98,912
80,139	89	80,228	Other Comprehensive Income and Expenditure	(54,455)	(78)	(54,533)
140,019	113	140,132	Total Comprehensive Income and Expenditure	44,384	(5)	44,379

GROUP ACCOUNTS

Group Balance Sheet at 31 March 2014

31 March 2013 £000		SC £000	31 March 2014 Adjustments £000	Group £000
	Property, Plant & Equipment			
158,839	Council Dwellings	151,124	0	151,124
687,489	Land & Buildings	576,433	81	576,514
12,777	Vehicles, Plant and Equipment	8,873	169	9,042
307,300	Infrastructure	311,906	0	311,906
4,161	Community	3,710	0	3,710
7,881	Assets Under Construction	8,193	0	8,193
375	Surplus Assets	1,973	0	1,973
2,468	Heritage Assets	2,475	0	2,475
31,694	Investment Property	28,878	0	28,878
864	Intangible Assets	776	31	807
5,232	Assets Held for Sale	1,519	0	1,519
1,219,080	Total Non Current Assets	1,095,860	281	1,096,141
812	Long Term Investment	400	0	400
(687)	Investments in Associates and Joint Ventures	0	(385)	(385)
3,050	Long Term Debtors	3,139	(91)	3,048
1,222,255	Total Long Term Assets	1,099,399	(195)	1,099,204
	Current Assets			
9,328	Short Term Investments	39,100	0	39,100
712	Inventories	966	19	985
54,865	Short Term Debtors	68,715	(476)	68,239
85,370	Cash & Cash Equivalents	70,785	2,000	72,785
150,275	Total Current Assets	179,566	1,543	181,109
1,372,530	Total Assets	1,278,965	1,348	1,280,313
	Current Liabilities			
(6,937)	Bank Overdraft	(17,586)	0	(17,586)
(12,399)	Short Term Borrowing	(7,397)	0	(7,397)
(49,034)	Short Term Creditors	(54,465)	(1,047)	(55,512)
(6,021)	Provisions	(4,492)	0	(4,492)
(12,738)	Grants Receipts in Advance - Revenue	(10,628)	0	(10,628)
0	Grants Receipts in Advance - Capital	(1,040)	0	(1,040)
(87,129)	Total Current Liabilities	(95,608)	(1,047)	(96,655)
1,285,401	Total Assets Less Current Liabilities	1,183,357	301	1,183,658
	Long Term Liabilities			
(729)	Long Term Creditors	(719)	0	(719)
(342,853)	Long Term Borrowing	(337,768)	(14)	(337,782)
(22,780)	Other Long Term Liabilities	(22,685)	0	(22,685)
(349,848)	Pensions Liability	(297,394)	(693)	(298,087)
(4,491)	Provisions	(4,901)	0	(4,901)
(78)	Grants Receipts in Advance - Capital	0	0	0
(720,779)	Total Long Term Liabilities	(663,467)	(707)	(664,174)
564,622	Total Assets Less Liabilities	519,890	(406)	519,484
	Financed by:			
61,184	Usable Reserves	64,191	1,281	65,472
503,438	Unusable Reserves	455,699	(1,687)	454,012
564,622	Total Reserves	519,890	(406)	519,484

GROUP ACCOUNTS

Group Cash Flow Statement

2012/13 Group £000	Revenue Activities	SC £000	2013/14 Adjustments £000	Group £000
59,904	Net (surplus) or deficit on the provision of services	99,012	(100)	98,912
(106,799)	Adjustments to net surplus or deficit on the provision of services for non cash movements	(144,532)	(322)	(144,854)
41,925	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	67,684	(940)	66,744
(4,970)	Net cash flows from operating activities	22,164	(1,362)	20,802
(2,764)	Investing activities	(8,821)	319	(8,502)
4,074	Financing activities	11,338	(404)	10,934
(3,660)	Net (increase) or decrease in cash and cash equivalents	24,681	(1,447)	23,234
74,773	Cash and cash equivalents at the beginning of the reporting period	77,880	553	78,433
78,433	Cash and cash equivalents at the end of the reporting period	53,199	2,000	55,199

GROUP ACCOUNTS

Notes to Group Accounts

G1. Consolidation of West Mercia Energy

Figures in respect of West Mercia Energy have been consolidated using the proportionate consolidation method. The amounts included in the Group Comprehensive Income and Expenditure Statement are:

	WME £000	SC Share (27.5%) £000
Turnover	(65,037)	(17,905)
Cost of Goods Sold and Operating Expenses	63,145	17,384
Interest and Investment Income	(24)	(7)
Pensions Interest Cost and Expected Return on Pensions Assets	188	52
Net Operating Surplus	(1,728)	(476)
Distribution of Surplus to Member Authorities	1,452	400
NET SURPLUS FOR THE YEAR	(276)	(76)

G2. Consolidation of Shropshire Towns & Rural Housing Limited

The operating income (£9.981m) and expenditure (£9.745m) of Shropshire Towns & Rural Housing Limited, giving a net income of £0.236m has been included within Local Authority Housing (HRA) in the Net Cost of Services. The inter-company transactions with Shropshire Council have been excluded from Local Authority Housing (HRA) (Income/Expenditure £9.135m).

G3. Consolidation of South Shropshire Leisure Ltd

The operating income (£2.053m) and expenditure (£2.137m) of South Shropshire Leisure Limited, giving a net expenditure of £0.084m has been included within Cultural and Related Services. The inter-company transactions with Shropshire Council have been excluded from Culture and Related Services (Income/Expenditure £0.676m).

G4. Consolidation of IP&E Ltd

The operating income (£0.306m) and expenditure (£0.405m) of IP&E Limited, giving a net expenditure of £0.098m has been included within Central Services to the Public. The inter-company transactions with Shropshire Council have been excluded from Central Services to the Public (Income/Expenditure £0.315m).

G5. Long Term Investment included in Group Balance Sheet.

	WME £000	SC Share (27.5%) £000
Assets	14,380	3,959
Liabilities	(15,777)	(4,343)
Investments in Associates and Joint Ventures	(1,397)	(385)

Section 7

Pension Fund Accounts



PENSION FUND ACCOUNTS

Shropshire Council acts as Administering Authority for the Shropshire County Pension Fund (SCPF). The fund covers the employees of the Council, other than teachers, for whom separate arrangements exist, and other bodies including unitary, parish and town councils, colleges and voluntary organisations. Full details of SCPF's annual accounts, investment performance and governance arrangements are set out in the Shropshire County Pension Fund Annual Report 2013/14, a copy of which can be accessed at www.shropshirecountypensionfund.co.uk or requested from Pension Services on 01743 252130. A summary of the statement of accounts is shown below.

Pension Fund Account for the year ended 31 March 2014

2012/13 £000		2013/14 £000
	Income	
	Contributions	
(40,495)	Employers	(45,077)
(13,455)	Employees	(13,660)
(6,191)	Transfers In from other pension funds	(3,213)
(60,141)	Total Income	(61,950)
	Expenditure	
	Benefits Payable	
44,613	Pensions	47,094
9,404	Commutation of pensions and lump sum retirement benefits	10,528
1,079	Lump Sums	1,365
2	Refund of contributions	8
3,306	Transfers to other funds	3,299
905	Administrative expenses	1,112
59,309	Total Expenditure	63,406
(832)	Net additions from dealings with scheme members	1,456
	Returns on Investments	
(26,369)	Investment Income	(19,823)
4,707	(Gain)/loss on cash and currency hedging	(26,860)
211	Taxes on Income	195
(134,107)	Profits and losses on disposal of investments and changes in value of investments	(70,022)
8,692	Less Investment Management Expenses	10,576
(146,866)	Net (increase) / decrease in the net assets available for benefits during the year	(105,934)
(147,698)	(Surplus) / deficit on the pension fund for the year	(104,478)
1,087,027	Opening net assets of the scheme	1,234,725
1,234,725	Closing net assets of the scheme	1,339,203

PENSION FUND ACCOUNTS

Pension Fund Net Asset Statement as at 31 March 2014

31 March 2013 £000		31 March 2014	
		£000	%
	Investment Assets		
	Fixed Interest Securities		
47,749	Public Sector Bonds	61,798	4.61
555,561	Equities	207,853	15.52
	Pooled Investment Vehicles		
116,634	Unitised Investment Vehicles	131,773	9.84
457,168	Other Managed Funds	912,315	68.12
	Derivative Contracts		
1,098	Futures	16	0.00
1,627	Forward Foreign Exchange	637	0.05
	Cash Deposits		
5,233	Margin Balances	4,916	0.37
46,513	Deposits	22,241	1.66
2,860	Temporary Investments	2,650	0.20
1,234,443		1,344,199	100.37
	Investment Liabilities		
	Derivatives		
(832)	Futures	(10)	(0.00)
(469)	Forward Foreign Exchange	(5)	(0.00)
	Other Financial Liabilities		
(1,349)	Margin Balances	(4,959)	(0.37)
1,231,793	Net Investment Assets	1,339,225	100.00
	Current Assets		
2,650	Contributions due from Employers	2,722	0.20
3,309	Other Current Assets	2,156	0.16
863	Cash Balances	38	0.00
	Current Liabilities		
(184)	Unpaid Benefits	(1,800)	(0.13)
(3,706)	Other Current Liabilities	(3,138)	(0.23)
1,234,725	Net Assets of the Scheme - Available to Fund Benefits as at 31 March	1,339,203	100.00

PENSION FUND ACCOUNTS

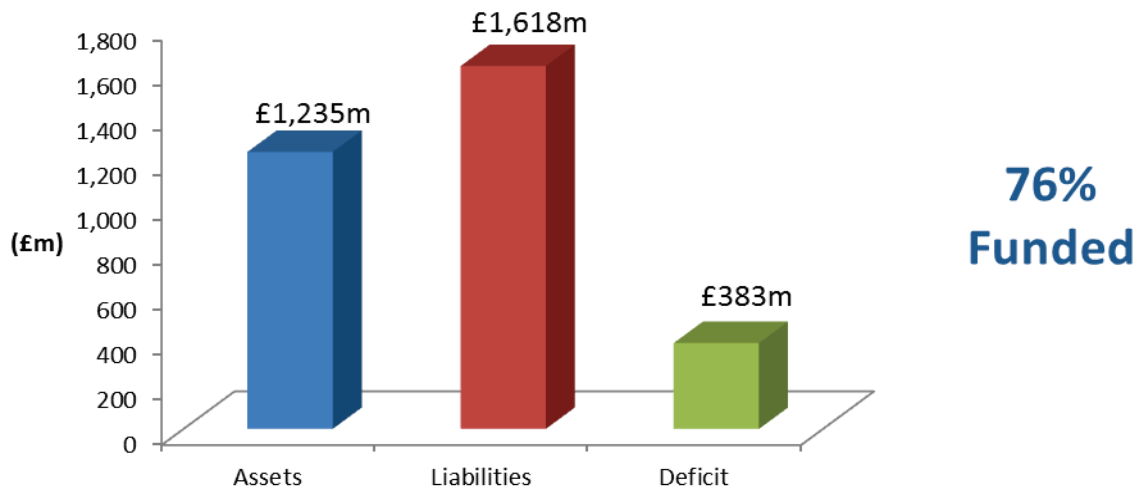
SHROPSHIRE COUNTY PENSION FUND

Accounts for the year ended 31 March 2014 Statement by the Consulting Actuary

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Shropshire County Pension Fund was carried out as at 31 March 2013 to determine the contribution rates for the period 1 April 2014 to 31 March 2017.

On the basis of the assumptions adopted, the Fund's assets of £1,235 million represented 76% of the Fund's past service liabilities of £1,618 million (the "Funding Target") at the valuation date. The deficit at the valuation was therefore £383 million.



The valuation also showed that a common rate of contribution of 14.0% of pensionable pay per annum was required from employers. The common rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date. It allows for the new LGPS benefit structure effective from 1 April 2014.

After the valuation date, there were significant changes in financial markets. In particular there was an increase in gilt yields, which underpin the liability assessment. This improved the funding position materially to 82% with a resulting deficit of £274 million. This improvement was taken into account when setting the deficit contribution requirements for employers where required to stabilise contribution rates. On average across the Fund, the updated deficit would be eliminated by a contribution addition of £17 million per annum increasing at 4.1% per annum (equivalent to approximately 8.2% of projected Pensionable Pay at the valuation date) for 19 years if all assumptions are borne out in practice.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2014.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

PENSION FUND ACCOUNTS

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

	For past service liabilities (Funding Target)	For future service liabilities (Common Contribution Rate)
Rate of return on investments (discount rate)	4.95% per annum	5.6% per annum
Rate of pay increases (long term)*	4.1% per annum	4.1% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.6% per annum	2.6% per annum

* allowance was also made for short-term public sector pay restraint over a 3 year period.

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2016. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2017.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2014 (the 31 March 2013 assumptions are included for comparison):

	31 March 2013	31 March 2014
Rate of return on investments (discount rate)	4.2% per annum	4.5% per annum
Rate of pay increases	3.9% per annum	3.9% per annum*
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.4% per annum	2.4% per annum

* includes a corresponding allowance to that made in the actuarial valuation for short-term public sector pay restraint.

The demographic assumptions are the same as those used for funding purposes. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2014.

During the year, corporate bond yields increased, resulting in a higher discount rate being used for IAS26 purposes at the year end than at the beginning of the year (4.5% p.a. versus 4.2% p.a.). The pay increase assumption at the year end has also changed to allow for a short-term public sector pay restraint as detailed in the actuarial valuation.

The value of the Fund's promised retirement benefits for the purposes of IAS26 as at 31 March 2013 was estimated as £1,814 million. The effect of the changes in actuarial assumptions between 31 March 2013 and 31 March 2014 as described above is to decrease the liabilities by

PENSION FUND ACCOUNTS

c£128 million. Adding interest over the year increases the liabilities by a further c£76 million, and allowing for net benefits accrued/paid over the period increases the liabilities by another c£14 million (including any increase in liabilities arising as a result of early retirements/augmentations). Finally, allowing for actual vs expected membership experience, which emerged at the 2013 valuation, gives an increase in liabilities of c£31 million.

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2014 is therefore £1,807 million.

John Livesey
Fellow of the Institute and Faculty of Actuaries
Mercer Limited
June 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHROPSHIRE COUNCIL

Opinion on the pension fund financial statements

We have audited the pension fund financial statements of Shropshire Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement 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 2013/14.

This report is made solely to the members of Shropshire 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. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Head of Finance, Governance and Assurance & Scheme Administrator and auditor

As explained more fully in the Statement of Responsibilities, the Head of Finance, Governance and Assurance & Scheme Administrator is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund 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. Our 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 us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the pension fund 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 fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance, Governance and Assurance & Scheme Administrator ; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the pension fund financial statements

In our opinion the pension fund's financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2014 and the amount and disposition of the fund's assets and liabilities as at 31 March 2014, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

Opinion on other matters

In our 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.

Grant Patterson,
Director for and on behalf of Grant Thornton UK LLP,
Appointed Auditor
Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT
xx September 2014

Section 8

Housing Revenue Account



HOUSING REVENUE ACCOUNT

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

HRA INCOME AND EXPENDITURE STATEMENT

2012/13 (Restated)		2013/14	
£		£	£
	Expenditure		
4,396,021	Repairs & Maintenance	4,900,807	
3,223,865	Supervision and Management	2,935,528	
31,019	Rents, rates taxes and other charges	126,756	
4,038,380	Depreciation - Dwellings	4,171,900	
69,810	- Other	43,030	
(2,167,684)	Impairment	3,389,719	
20,680	Debt Management Costs	4,740	
200,000	Provision for Bad or Doubtful Debts	70,000	
(15,687)	Negative Subsidy Payable	0	
9,796,404	Total Expenditure		15,642,480
	Income		
(15,618,197)	Dwelling Rents	(16,653,589)	
(208,947)	Non Dwelling Rents	(186,251)	
0	Other Income	(179,007)	
(1,021,202)	Charges for Services and Facilities	(217,942)	
(1,312,610)	Contributions towards expenditure	(849,704)	
(18,160,956)	Total Income		(18,086,492)
(8,364,552)	Net Cost of HRA Services included in the Comprehensive I&E Statement		(2,444,012)
265,380	HRA Share of Corporate & Democratic Core		173,510
(8,099,172)	Net Cost of HRA Services		(2,270,502)
(322,780)	(Gain) or loss on sale of HRA Assets		266,337
3,092,625	Interest payable and similar charges		2,964,328
(23,333)	Interest and Investment Income		(29,678)
0	Income & Expenditure in relation to investment properties & change in fair values		(86,943)
319,428	Net interest on the defined benefit liability		0
(5,033,232)	(Surplus) or deficit for the year on HRA Services		843,542

HOUSING REVENUE ACCOUNT

MOVEMENT ON THE HRA STATEMENT

2012/13 (Restated) £	£	2013/14 £	£
(997,738)	Balance on the HRA at the end of the previous year		(1,041,350)
(5,033,232)	(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	843,542	
57,444	Difference between any other item of income and expenditure determined in accordance with the Code and those determined in accordance with statute.	8,982	
68,581	Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute.	538	
322,780	(Gain) or Loss on sale of HRA non-current assets	(266,337)	
(244,508)	HRA share of contributions to or from the Pension Reserve	0	
4,781,116	Transfer to/(from) the Capital Adjustment Account	(2,087,235)	
4,985,413	Adjustments between accounting basis and funding basis under statute		(2,344,052)
4,207	Transfer to/(from) Capital Reserve	(4,207)	
4,207	Transfers to or (from) Reserves		(4,207)
(43,612)	(Increase) or Decrease in year on the HRA		(1,504,717)
(1,041,350)	Balance on the HRA at the end of the current year		(2,546,067)

NOTES TO THE HOUSING REVENUE ACCOUNT

1. HOUSING STOCK

	2013/14	2012/13
Total Number of Dwellings at 31 March :		
Houses and Bungalows	3,234	3,259
Flats	881	930
	4,115	4,189
Change in Stock		
Stock at 1 April	4,189	4,203
Less: Sales – Right to Buy	(26)	(14)
Sales – Other	(2)	0
Disposal/restructuring	(48)	0
Acquisition	2	0
	4,115	4,189

HOUSING REVENUE ACCOUNT

2. RENT ARREARS

	2013/14 £	2012/13 £
Due from Current Tenants	149,507	219,111
Due from Former Tenants	178,852	177,657
Total Rent Arrears as at 31 March	328,360	396,767
Pre-Payments	(499,183)	(249,597)
Net Arrears	(170,823)	147,171

As at 31 March 2014, the total provision set aside for housing rent bad debts is £461,650.

3. BALANCE SHEET VALUE OF ASSETS

	Council Dwellings £	Other Land & Buildings £	Assets Under Construction £	Total Property, Plant & Equipment £	Investment Properties £	Total £
Cost or Valuation						
At 1 April 2013	176,371,262	1,138,557	95,794	177,605,613	739,925	178,345,538
Additions	2,162,763	0	1,112,903	3,275,666	0	3,275,666
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(342,000)	(94,684)	0	(436,684)	0	(436,684)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(17,339,983)	0	0	(17,339,983)	73,343	(17,266,640)
Derecognition - disposals	(1,144,220)	0	0	(1,144,220)	0	(1,144,220)
Derecognition - other	(882,740)	(40,217)	0	(922,957)	0	(922,957)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0
Other movements in cost or valuation	(3,325,752)	(236,656)	101,080	(3,461,328)	236,656	(3,224,672)
As at 31 March 2014	155,499,330	767,000	1,309,777	157,576,107	1,049,924	158,626,031
Accumulated Depreciation and Impairment						
At 1 April 2013	(17,531,743)	(163,959)	0	(17,695,702)	0	(17,695,702)
Depreciation Charge	(4,204,570)	(10,360)	0	(4,214,930)	0	(4,214,930)
Depreciation written out to the Revaluation Reserve	186,451	134,615	0	321,066	0	321,066
Depreciation written out to the Surplus/Deficit on the Provision of Services	14,120,620	0	0	14,120,620	0	14,120,620
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(170,356)	0	0	(170,356)	0	(170,356)
Derecognition - disposals	0	0	0	0	0	0
Derecognition - other	0	29,344	0	29,344	0	29,344

HOUSING REVENUE ACCOUNT

	Council Dwellings £	Other Land & Buildings £	Assets Under Construction £	Total Property, Plant & Equipment £	Investment Properties £	Total £
Other movements in depreciation and impairment	3,224,672	0	0	3,224,672	0	3,224,672
As at 31 March 2014	(4,374,926)	(10,360)	0	(4,385,286)	0	(4,385,286)
Net Book Value						
As at 31 March 2014	151,124,404	756,640	1,309,777	153,190,821	1,049,924	154,240,745
As at 31 March 2013	158,839,519	974,598	95,794	159,909,911	739,925	160,649,836

There is a difference of £287.336m between the tenanted valuation and the District Valuer's Vacant Possession Value of £435.358m at 1 April 2013.

The Vacant Possession Value is an estimate of the total sum that would be received if all of the assets were sold on the open market. The tenanted value declared on the balance sheet is less in recognition of the fact that the properties are occupied by tenants on secure rent less than would be obtainable on the open market.

The difference represents the economic cost of the Government of providing council housing at less than market rents.

4. MAJOR REPAIRS RESERVE

	2013/14 £	2012/13 £
Balance Brought Forward	1,401,750	0
Amount Transferred to the MRR during the Year	4,214,930	4,108,190
Capital Expenditure Financing	(1,894,451)	(2,706,440)
Balance Carried Forward	3,722,229	1,401,750

5. CAPITAL EXPENDITURE FINANCING

Capital expenditure in the year on the Council Housing Stock during the year was financed as follows.

	2013/14 £	2012/13 £
Usable Capital Receipts	152,075	0
Revenue Contributions utilised in year	379,437	95,794
Major Repairs Allowance	1,894,451	2,706,440
Government Supported borrowing	0	0
Government Grants and Contributions	849,703	1,312,610
Total Capital Expenditure on Housing Stock	3,275,666	4,114,844

6. CAPITAL RECEIPTS

Capital receipts from the disposal of Housing Revenue Account Assets are shown below. 75% of Capital Receipts arising from Right to Buy disposals are subject to National Pooling arrangements payable to CLG.

HOUSING REVENUE ACCOUNT

	2013/14 £	2012/13 £
Sale of Council Houses under Right to Buy (RTB)	1,565,110	907,785
RTB Discounts Repaid	0	20,800
Other Land & Buildings	240,186	26,950
Total Capital Receipts from HRA Asset Disposals	1,805,296	955,535
Less Capital Receipts subject to Pooling requirement	(458,204)	(426,026)
Net Capital Receipts from HRA Asset Disposals	1,347,092	529,509

7. DEFERRED CHARGES

A charge of £537 was made to the HRA in respect of premiums incurred for the premature redemption of debt by Oswestry Borough Council in 2003/04. This represents the final payment and the debt is now fully redeemed.

8. IAS19 RETIREMENT BENEFITS

The implementation of accounting arrangements for pensions has not been applied to the HRA as all staff transferred to Shropshire Towns and Rural Housing Ltd on 1 April 2013 under Transfer of Undertakings (Protection of Employment) (TUPE).

	2013/14 £	2012/13 (Restated) £
Current Cost of Service	0	128,815
Net Return on Assets	0	319,428
Movement on Pension Reserve	0	448,243
Employers Contribution payable to scheme	0	(203,735)
Contribution to/(from) the Pension Reserve	0	(244,508)

9. HOUSING SUBSIDY

Housing Subsidy ceased on the 31st March 2012 and was replaced by Self-Financing.

	2013/14 £	2012/13 £
Housing Element (Subtotal)	0	0
Previous Year Adjustment	0	(15,687)
HRA Subsidy recoupment	0	(15,687)

HOUSING REVENUE ACCOUNT

10. HOUSING REPAIRS ACCOUNT

	2013/14 £	2012/13 £
Balance Brought Forward 1 April	29,207	25,000
Contribution from Revenue	0	4,207
Expenditure on Capital	(4,207)	0
Balance Carried Forward 31 March	25,000	29,207

11. CAPITAL ASSET CHARGES ACCOUNTING ADJUSTMENT

	2013/14 £	2012/13 £
Interest paid on mid-year HRA Capital Financing Requirement	69,125	133,294
Less Impairment	(170,336)	(919,649)
Capital Asset Charges Accounting Adjustment	(101,211)	(786,355)

Impairment represents capital work undertaken in the year that did not increase asset value.

Section 9

Collection Fund



COLLECTION FUND

The Collection Fund is a statutory account showing the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from taxpayers and the distribution to local authorities and Central Government.

2012/13 Total		Council Tax	2013/14 NDR	Total
£000		£000	£000	£000
	Income:			
(146,783)	Income from Council Tax (showing the net amount receivable, net of benefits, discounts for prompt payments and transitional relief)	(151,347)	0	(151,347)
(20,078)	Transfers from General Fund			
4	- Council Tax benefits	0	0	0
	- Transitional relief	5	0	5
(71,886)	Income collectable from business ratepayers	0	(75,997)	(75,997)
0	Transitional Protection Payments	0	48	48
(238,743)	TOTAL INCOME	(151,342)	(75,949)	(227,291)
	Expenditure:			
135,781	Precepts			
	- Shropshire Council and Parish and Town Councils	121,200	37,484	158,684
19,659	- West Mercia Police	17,743	0	17,743
9,562	- Shropshire & Wrekin Fire Authority	8,802	765	9,567
0	- Central Government	0	38,248	38,248
71,191	Charges to Collection Fund			
461	- payment to national pool	0	0	0
	- costs of collection	0	464	464
(1,520)	Bad and doubtful debts			
	- write offs	(146)	(106)	(252)
2,708	- provisions	580	577	1,157
	Appeals rates			
0	- write offs	0	(1,302)	(1,302)
0	- provisions	0	2,908	2,908
2,315	Contributions			
	- Towards previous year's estimated Collection Fund surplus	506	0	506
240,157	TOTAL EXPENDITURE	148,685	79,038	227,723
1,414	Deficit/(Surplus) for the Year	(2,657)	3,089	430
(2,271)	Balance brought forward	(857)	0	(857)
(857)	Balance carried forward	(3,514)	3,089	(425)

COLLECTION FUND

NOTES TO THE COLLECTION FUND

1. COUNCIL TAX BASE

The council tax base consists of the number of chargeable dwellings in each valuation band adjusted to reflect discounts and other variations. The total tax base is calculated by converting each band to its band D equivalent and providing for losses and variations during the year of collection. The tax base for 2013/14 was as follows:-

Council Tax Band	Net Dwellings	Ratio	Band D Equivalents
A1	51.75	5/9	28.75
A	15,120.21	6/9	10,080.14
B	25,416.66	7/9	19,768.51
C	23,389.82	8/9	20,790.95
D	17,046.04	9/9	17,046.04
E	13,098.31	11/9	16,009.04
F	7,129.72	13/9	10,298.48
G	3,959.42	15/9	6,599.04
H	258.25	18/9	516.50
			101,137.45
Adjustment for MoD Properties (687.83 Band D Equivalents) and Collection Rate (97.5%)			(1,857.80)
			99,279.65

2. NON-DOMESTIC RATES (BUSINESS RATES)

Shropshire Council is the billing authority for NDR and retains 49% share of the total collected and distributes the remaining balance to Central Government (50%) and Shropshire & Wrekin Fire Authority (1%).

At 31 March 2014, the total non-domestic rateable value for all business premises in Shropshire was £199,785,454. The multiplier set by Government to calculate rate bills in 2013/14 was 46.2p for small businesses and 47.1p for all other businesses.

Section 10

Glossary



GLOSSARY

Accountable Body	An accountable body receives external funding and is responsible for the financial management of these funds, therefore the accountable body must ensure that robust accounting and performance management arrangements are in place with regard to the distribution and spending of these funds.
Accounting Concepts	The basis on which an organisations financial statements are based to ensure that those statements 'present fairly' the financial position and transactions of that organisation. Accounting concepts include 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements'.
Accounting Policies	The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements.
Accruals	The accruals accounting concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received.
Actuarial Basis	The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.
Actuarial Gains	These may arise on defined benefit pension scheme liabilities and assets. A gain represents a positive difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were lower than estimated).
Actuarial Losses	These may arise on defined benefit pension scheme liabilities and assets. A loss represents a negative difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were higher than estimated).
Adjusted Capital Financing Requirement	The value of the Capital Financing Requirement after it has been adjusted by the value of Adjustment A.
Adjustment A	The difference between the Council's Credit Ceiling and Capital Financing Requirement to ensure that the impact of the Prudential Code (effective from 1 April 2004) is neutral on the Council's revenue budget. Once calculated the figure is fixed.

GLOSSARY

Appropriation	The transfer of sums to and from reserves, provisions and balances.
Assets	These are economic resources that can include anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value.
Associated Company	<p>An organisation in which the Council has a participating interest and over which it can exercise significant influence without support from other participants in that organisation (e.g. other board members etc.).</p> <p>The exercise of significant influence occurs when one organisation is actively involved and is influential in the direction of another organisation through its participation in policy decisions including decisions on strategic issues. A holding of 20% or more of the voting rights of an organisation is generally recognised as being a significant influence.</p>
Balances	Amounts set aside to meet future expenditure but not set aside for a specific purpose.
Balance Sheet	The financial statement that reports the financial position of an organisation at a point in time, for Shropshire Council this is the 31st March. It shows the balances and reserves at the Council's disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.
Below the Line Items	Items that are notionally allocated to services to arrive at the "Net Cost of Service". Below the line items include depreciation and IAS19 pension costs.
Bonds	Investment in certificates of debts issued by a Government or company. These certificates represent loans which are repayable at a future date with interest.
Borrowing	Loans from the Public Works Loans Board and the money markets which finance the capital programme of the Council.
Budget	The financial plan reflecting the Council's policies and priorities over a period of time i.e. what the Council is going to spend to provide services. This is the end product of a budget strategy.

GLOSSARY

Budget Strategy	A plan of how the Council is going to meet its policies and priorities, taking account of the resources available to the Council. This will include proposals for efficiency savings and possibly service changes and/or cuts, which may free resources to spend on other policies and priorities.
Cabinet	The group of members (local councillors) that provide the executive function of the Council within the policy parameters set by Council. This group of members is able to exercise considerable control over the Council. Its decision- making powers are set out in the Council's Constitution.
Capital Adjustment Account	The Capital Adjustment Account absorbs the effect of differences between IFRS and statutory accounting requirements for Local Authorities, providing a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.
Capital Expenditure	Expenditure on items that have a life of more than one year, such as buildings, land, major equipment.
Capital Financing Requirement (CFR)	This sum represents the Council's underlying need to borrow for capital purposes. It is calculated by summing all items on the balance sheet that relate to capital expenditure, e.g. fixed assets, financing leases, Government grants deferred etc. The CFR will be different to the actual borrowing of the Council as actual borrowing will relate to both capital and revenue activities and it is not possible to separate these sums. This figure is then used to calculate the Council's Minimum Revenue Provision.
Capital Receipts	The proceeds from the sale of fixed assets such as land and buildings. These sums can be used to finance new capital expenditure.
Capitalised Expenditure	Represents expenditure on assets. This expenditure is reflected in the value of assets that are reported in the Balance Sheet and will result in increased depreciation costs to the Income and Expenditure Account.
Cash Equivalents	Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

GLOSSARY

Cash Flow Statement	The financial statement that summarises the Council's inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
Code of Practice on Local Authority Accounting (Code)	A publication produced by CIPFA that provides comprehensive guidance on the content of a Council's Statement of Accounts.
Collection Fund	A separate statutory fund which records Council Tax and non-domestic rates collected, together with payments to precepting authorities (e.g. Police Authorities, Fire Authorities etc.), NDR distribution to Central Government and the billing Council's own General Fund.
Comprehensive Income and Expenditure Statement	This is fundamental to the understanding of a Council's activities. It brings together all of the functions of the Council and summarises all of the resources that the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise Council Tax according to different rules and for the ability to divert particular expenditure to be met from capital resources.
Comprehensive Spending Review	Every two years the Government review their spending plans over a rolling three year period and publish revised spending plans over the next three year period for each Government Department.
Constitution	The document that sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that the Council is efficient, transparent and accountable to local people.
Contingent Liability	Potential costs that the Council may incur in the future because of something that happened in the past.
Corporate Bonds	Investments in certificates of debt issued by a company. These certificates represent loans which are repayable at a future date with interest.
Council	The Council comprises all of the democratically elected Councillors who represent the various electoral divisions.

GLOSSARY

Council Tax	A local taxation that is levied on dwellings within the local Council area. The actual level of taxation is based on the capital value of the property, which is split into 8 bands from A to H, and the number of people living in the dwelling.
Council Tax Base	To set the Council Tax for each property a Council has to first of all calculate the council tax base. This is a figure that is expressed as the total of band D equivalent properties. The total amount to be raised from Council Tax is divided by this figure to determine the level of tax for a band D property. The level of tax for the other bands of property are calculated by applying a predetermined ratio to the band D figure.
Council Tax Precept	The amount of income due to the Council in respect of the total Council Tax collected.
Credit	A credit represents income to an account.
Credit Ceiling	A term from the old Local Authority capital expenditure system, the credit ceiling represented the Council's total debt outstanding after taking account of sums set aside to repay borrowing.
Creditors	Represents the amount that the Council owes other parties.
Debit	A debit represents expenditure against an account.
Debt Charges	This represents the interest payable on outstanding debt.
Debtors	Represents the amounts owed to the Council.
Dedicated Schools Grant (DSG)	A specific grant paid to Local Authorities to fund the cost of running its schools.
Deficit	Arises when expenditure exceeds income or when expenditure exceeds available budget.
Depreciation	The accounting term used to describe the charge made representing the cost of using tangible fixed assets. The depreciation charge for the year will represent the amount of economic benefits consumed in the period, e.g. due to wear and tear over time.
Direct Revenue Financing	The cost of capital projects that is charged against revenue budgets.

GLOSSARY

Equities	Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholder's meetings.
Estimation Techniques	The methods adopted by an organisation to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves.
Exceptional Item	Material Items which derive from events or transactions that fall within the ordinary activities of the council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.
Finance Lease	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. The payments usually cover the full cost of the asset, together with a return for the cost of finance.
Financial Instruments	Financial instruments are formally defined in the Code as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The definition is a wide one, it covers the treasury management activity of the Authority, including the borrowing and lending of money and the making of investments. However, it also extends to include such things as receivables and payables and financial guarantees.
Fixed Assets	Tangible assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.
Fixed Interest Securities	Investments in mainly Government but also company stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange before the repayment date.
Futures	A contract made to purchase or sell an asset at an agreed price on a specified future date.

GLOSSARY

General Fund Balance	The reserve held by the Council for general purposes, i.e. against which there are no specific commitments. This comprises Schools' Balances and a balance that is generally available for new expenditure. That said it is prudent and sensible for these sums to be treated as a contingency to protect the Council's financial standing should there be any financial issues in the year.
Going Concern	The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.
Group Accounts	Where a Council has an interest in another organisation (e.g. a subsidiary organisation) group accounts have to be produced. These accounts report the financial position of the Council and all organisations in which it has an interest.
Hedge Funds	An investment fund that uses sophisticated investment strategies to profit from opportunities on financial markets around the world. These strategies include borrowing money to make investment, borrowing shares in order to sell them and profiting from company mergers.
Heritage Assets	These are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained by the Council principally for their contribution to knowledge and culture.
Housing Revenue Account	The statutory account to which the revenue costs of providing, maintaining and managing Council dwellings are charged. These costs are financed by tenants' rents and government housing subsidy.
Impairment	Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage (e.g. fire at a school) or a deterioration in the quality of the service provided by the asset (e.g. a library closing and becoming a storage facility), or by a general fall in prices of that particular asset or type of asset.
Index Linked Securities	Investments in Government stock that guarantee a rate of interest linked to the rate of inflation. These securities represent loans to Government which can be traded on recognised stock exchanges.

GLOSSARY

Inflow	This represents cash coming into the Council.
International Financial Reporting Standards (IFRS)	International Financial Reporting Standards are issued by the International Accounting Standards Board (IASB) to develop a single set of financial reporting standards for general purpose financial statements.
Investments	An asset which is purchased with a view to making money by providing income, capital appreciation or both.
Joint Venture	An organisation in which the Council is involved where decisions require the consent of all participants.
Leases	A method of funding expenditure by payment over a defined period of time. An operating lease is similar to renting, the ownership of the asset remains with the lessor and the transaction does not fall within the capital control system. Finance leases are more akin to borrowing and do fall within the capital system.
Liabilities	An obligation to transfer economic benefits. Current liabilities are usually payable within one year.
Liquid Resources	These are resources that the Council can easily access and use, e.g. cash or investments of less than 365 days.
Local Transport Plan (LTP)	A plan that is used to support a bid to Government for capital resources to fund the local transport network e.g. road improvements.
Managed Funds	A type of investment where a number of investors pool their money into a fund which is then invested by a fund manager.
Materiality	Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the reader of the accounts. Materiality has both quantitative and qualitative aspects.
Medium Term Financial Plan (MTFP)	A plan detailing projected expenditure and available resources over a period of more than one year. The Council's MTFP covers five years.

GLOSSARY

Minimum Revenue Provision (MRP)	A minimum amount, set by law, which the Council must charge to the income and expenditure account, for debt redemption or for the discharge of other credit liabilities (e.g. finance lease).
Movement in Reserves Statement	This provides a reconciliation showing how the balance of resources generated/consumed in the year links in with statutory requirements for raising Council Tax.
Non Domestic Rates (NDR)	Taxation that is levied on business properties. This is collected by billing authorities and then distributed to preceptors and Central Government.
Net Book Value	The amount at which fixed assets are included in the balance sheet. It represents historical cost or current value less the cumulative amounts provided for Depreciation or Impairment.
Net Expenditure	The actual cost of a service to an organisation after taking account of all income charged for services provided.
Net Cost of Service	The actual cost of a service to an organisation after taking account of all income charged for services provided. The net cost of service includes the cost of depreciation relating to fixed assets.
Operating Lease	A lease where the asset concerned is returned to the lessor at the end of the period of the lease.
Outflow	This represents cash going out of the Council.
Outturn	Actual expenditure within a particular year. In the Explanatory Foreword this expenditure is stated before taking into account Depreciation and other Below the Line Items.
Post Balance Sheet Event	Those events both favourable and unfavourable, that occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the Responsible Financial Officer.
Precept	The amount levied by the various joint authorities (e.g. police and fire authorities) which is collected by the council on their behalf. A body which can set a precept is called a preceptor.

GLOSSARY

Primacy of Legislation	The accounting concept primacy of legislation applies when accounting principles and legislative requirements are in conflict, in such an instance the latter shall apply.
Prior Period Adjustments	These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors.
Private Finance Initiative (PFI)	A Government initiative that enables, through the provision of financial support, Authorities to carry out capital projects through partnership with the private sector.
PFI Credits	The financial support provided to Local Authorities to part fund PFI capital projects.
Provisions	Provisions represent sums set aside to meet specific future expenses which are likely or certain to be incurred, as a result of past events, where a reliable estimate can be made of the amount of the obligation.
Prudence	This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.
Prudential Borrowing	The amount of borrowing undertaken by the Council to fund capital expenditure, in line with affordable levels calculated under the Prudential Code.
Prudential Code	The Government removed the extensive capital controls on borrowing and credit arrangements from 2004/05 and replaced them with a Prudential Code under which each Council determines its own affordable level of borrowing. The Prudential Code requires authorities to set specific prudential indicators e.g. affordable borrowing limit on an annual basis.
Public Works Loans Board (PWLB)	A Government agency providing long and short term loans to local authorities at interest rates only slightly higher than those at which Government itself can borrow.
Public Sector Bonds	Investments in certificates of debt issued by Government. These represent loans to Governments which are tradable on recognised stock exchanges.

GLOSSARY

Revaluation Reserve	This reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation, therefore the opening balance for 2007/08 was zero. Gains arising before that date have been consolidated into the Capital Adjustment Account.
Revenue Expenditure	Expenditure on the day to day running costs of the Council, such as salaries, wages, utility costs, repairs and maintenance.
Revenue Expenditure Funded By Capital Under Statute	Expenditure incurred during the year that may be capitalised under statutory provisions and does not result in the creation of fixed assets.
Revenue Support Grant (RSG)	An amount of money that Central Government makes available to Local Authorities to provide the services that it is responsible for delivering.
Reserves	Sums are set aside in reserves for specific future purposes rather than to fund past events.
Service Reporting Code of Practice (SERCOP)	Provides guidance to local authorities on financial reporting to stakeholders. It establishes 'proper practice' with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.
Soft Loan	This is a loan which is provided with a below-market rate of interest.
Specific Grant	A grant awarded to a Council for a specific purpose or service that can not be spent on anything else.
Subsidiary	An organisation that is under the control of the Council (e.g. where the Council controls the majority of voting rights, etc.)
Supplementary Credit Approvals (SCA)	A term from the old Local Authority capital expenditure system, an SCA represented permission from the Government for the Council to borrow to fund a specific capital project.
Supported Capital Expenditure (SCE)	A term from the current Local Authority capital expenditure system. SCE's effectively replaced SCA's and represent the amount of capital expenditure that the Government will supports through the provision of revenue grant to fund the cost of borrowing, i.e. debt charges and interest payments.

GLOSSARY

Surplus	Arises when income exceeds expenditure or when expenditure is less than available budget.
Trading Service/Organisation	A service run in a commercial style and environment, providing services that are mainly funded from fees and charges levied on customers.
Treasury Strategy	A plan outlining the Council's approach to treasury management activities. This includes setting borrowing and investment limits to be followed for the following year.
Unit Trusts	A pooled Fund in which small investors can buy and sell units. The pooled Fund then purchases investments, the returns on which are passed on to the unit holders. It enables a broader spread of investments than investors could achieve individually.
Usable Capital Receipts Reserve	Represents the resources held by the Council that have arisen from the sale of fixed assets that are yet to be spent on other capital projects.
Usable Reserves	Reserves that can be applied to fund expenditure or reduce local taxation, all other reserves retained on the balance sheet cannot.
Variation	The difference between budgeted expenditure and actual outturn, also referred to as an over or under spend.
Virement	The transfer of resources between two budgets, such transfers are governed by financial rules contained within the Constitution.

Statement of Accounts

2013 – 2014

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If you can read this but know someone who can't, please contact us on (01743) 253705 so we can provide this information in a more suitable format such as large print, Braille and audio, or translated into another language.

**SHROPSHIRE COUNCIL
ANNUAL GOVERNANCE STATEMENT
2013/14**

Standards of Governance

1. The Council expects all of its members, officers and contractors to adhere to the highest standards of public service with particular reference to the formally adopted Codes of Conduct, the Constitution and policies of the Council as well as the applicable statutory requirements. The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Council's Code is on our website at: <http://shropshire.gov.uk/committee-services/documents/s1524/Part%205%20Codes%20and%20Protocols.pdf>
2. This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an Annual Governance Statement.

Scope of Responsibility

3. Shropshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Shropshire Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
4. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of the Council's functions, which includes arrangements for the management of risk.
5. The Council continues to review its arrangements against best practice and implement changes to improve overall governance arrangements.

The Purpose of the Governance Framework

6. The governance framework comprises the systems and processes, culture and values, by which the Council is directed and controlled through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
7. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Shropshire Council's policies, aims and objectives,

to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically.

8. The governance framework accords with proper practice and has been in place at Shropshire Council for the year ended 31st March 2014 up to the date of approval of the Statement of Accounts.

The Governance Framework

9. Shropshire Council's Governance Framework encompasses all systems, processes and procedures covering a wide range of services to the public. The Council's Constitution provides the framework for its decision making processes and sets out the detailed procedures, protocols and codes by which members and officers operate to achieve service delivery and achievement of the Council's key priorities. **Annex A** identifies the process which leads to the preparation of the Annual Governance Statement being signed off and published with the Statement of Accounts.
10. Under the Constitution the Leader and Cabinet form the decision-making Executive. In June, the Leader delegated the ability to take executive decisions in respect of certain specified matters to the relevant Portfolio holders. Their decisions must be in line with the Council's objectives and are subject to examination by a number of overview and scrutiny committees.
11. The Senior Management are responsible for overseeing and monitoring the control environment. These officers have overall responsibility for the risks and should routinely monitor and review the related controls as an integrated part of the risk management process. This key management responsibility is supported by the designated roles of the three statutory officers; the Head of Paid Service (Chief Executive), the Chief Financial Officer (Head of Finance Governance and Assurance) and the Monitoring Officer (Head of Legal, Strategy and Democratic Services), plus Internal and External Audit and other external review agencies, such as Ofsted, Care Quality Commission etc.
12. The key elements of the governance framework within Shropshire Council can be sub-divided into the following areas, as detailed below:

Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users

13. The Business Plan contains individual directorate business plans, all of which link to the financial strategy, and identify key change activities Shropshire Council will undertake during the period 2013/14 to 2017/18.
14. Business plans focus around the Council's outcomes which are:
 - I want to feel confident that the Council is doing the right thing with my money, and my needs are at the centre of any decisions about my life.
 - I want to live a long, enjoyable and healthy life.
 - I want to feel valued as an individual and to live my life my way, with my choices respected, and with as few compromises as possible.
 - I want to feel financially secure and to believe in a positive future for myself and my family.
 - I want to live in an attractive, vibrant and safe environment, in a place that's right for me.

15. A revised performance framework is under development to be implemented in 2014/15 to measure the Council's delivery of change, as well as the impact of commissioning decisions on the Council's outcomes.
16. In the current year, the Council has delivered on its previously stated plan producing quarterly reports on the Council's Organisational Health scorecard which consists of key performance measures, progress with transformation priorities, strategic risks, staffing and financial information. Each priority is described by a dashboard of agreed measures which provide a wide picture of progress, as well as relevant external factors which can impact on the outcome.
17. Areas where reported performance raised concerns were highlighted in the quarterly reports and monitored, as recommended by Cabinet. Cabinet would consider referring issues of continuing concern to scrutiny for review.
18. The savings targets for 2013/14 were agreed by Council on 23 February 2012 as part of a two year financial plan for, 2012/13 and 2013/14. The proposals were reviewed throughout 2012/13 and adjusted and finalised on 28 February 2013. The savings required in 2013/14 were £23.877m, £20.095m required to balance the budget and £3.782m to be repaid to reserves. These savings were agreed within the parameters of the Council Plan 2011-2013 and the Council's priorities.
19. The directorate business plans were used as the basis for the Council's Business Plan and Financial Strategy 2014-17. This Plan sets out the context the Council is operating in, the challenges it faces and the approach to service delivery. The plan was developed throughout 2013/14 as resource and expenditure projections were updated and savings proposals were developed.
20. The Council recognises the importance of communicating its vision and uses a number of channels to this effect.
 - Our website www.shropshire.gov.uk (receiving approximately one million unique visitors a year) can help residents understand the Council's vision and purpose and access services on a day to day level.
 - The Shropshire Newsroom (www.shropshirenewsroom.com) hosts all the latest Council news stories with podcasts videos and photographs available from our Flickr account.
 - We work with colleagues in the local, regional and national media to compliment Shropshire Newsroom and ensure people can access information about the Council.
 - We work with all service areas to ensure that they are reaching and targeting the key customers, stakeholders and partners in the most appropriate way.
 - We use social media, Twitter and Facebook, as a further method of disseminating our information and listening to feedback on a number of issues.
 - We provide performance information for local areas detailing how the Council is delivering its vision.
 - We aim for a consistent approach to communication across the Council, reaching and targeting the key customers, stakeholders and partners in the most appropriate way.

Reviewing the authority’s vision and its implications for the authority’s governance arrangements

21. In November 2013, Cabinet received the first draft of the Council’s Business Plan and Financial Strategy. Since that date significant work has been undertaken to improve the document, to provide more details of our plans, to reflect the latest financial position and to refine the Council’s vision for the future. In February Council approved the Business Plan and Financial Strategy. The Business Plan sets out the Council’s approach to redesigning everything we currently do, to make best use of the resources we have available. The Business Plan and Financial Strategy identifies the approach for the future transfer of services to ip&e; the Council’s wholly owned company. The Financial Strategy takes account of any known transfer of services to ensure that the Council’s financial position is understood and reflected ahead of any decision taken to approve a transfer.

22. As a council, we are focusing on delivering better outcomes for our customers. Everything we undertake should work towards fulfilling one or more of these outcomes, with an emphasis on ensuring that our priorities are delivered. These are summarised below, and form the backdrop for delivering the Council’s Medium Term Financial Plan over the next three years.



23. The Local Code of Corporate Governance is reviewed annually and reported to Audit Committee.
24. Information governance is a strategic risk for the Council. The Head of Legal, Strategy and Democratic Services is the Senior Information Risk Owner (SIRO) and the Information Governance Group considers and reviews risk assessments on the use of personal information on an on-going basis. Risk assessments are updated to reflect system and service changes.
25. In relation to information governance all employees handling personal data are required to complete on line learning.

Translating the vision into objectives for the authority and its partnerships

26. Work will be completed with the Cabinet to define these priorities and this work will be used to underpin the Council's development as a Commissioning Council and the roll-out of developing Business Plans as Service Plans.
27. Work will continue to translate these priorities into outcomes that can be communicated and understood by the community. The opportunity presented by locality commissioning to use the vision to shape what practically happens in communities will be explored by the Council and where possible with partners.

Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money

28. Our framework establishes a clear reporting mechanism for performance of corporate priorities and the Council's outcomes. The quarterly reports are publicly available, being reported to the Council's Senior Managers, Cabinet and available to all members to identify any issues they may want to have considered through Scrutiny. Performance and Finance information is from the corresponding periods, and all information within the Organisational Health scorecard are commonly reported within three to four weeks of the end of each quarterly reporting period.
29. Areas where reported performance raises concerns are highlighted in the quarterly reports and monitored, as recommended by Cabinet e.g. that the Portfolio Holder and Director report back to Cabinet with an action plan to bring performance back to the expected standard. Cabinet may refer issues of continuing concern to scrutiny for review
30. Specific service areas seek customer feedback both through systematic processes, and through annual surveys, for example the Adult Social Care Survey continues to engage with service users. The results help us to understand and evidence what has been achieved for local people, supporting local service and enabling people to make better choices about care and we are using the 'Making It Real' approach to check progress towards this.
31. A survey targeting carers was carried out for the first time last year and will take place again next year. The results tell us what is working well and where improvements can be made and to ensure our resources are being used to their full potential.
32. The Council also works with service users, enabling them to participate in the design and planning of services within the Council's objectives whilst achieving

value for money. An example is Partnership Boards which are in place for people with learning and physical disabilities and family carers. The Boards receive information on service performance and provide the forum for service user representatives to feedback on the services they receive.

33. Council receive annual Portfolio Holder Statements including areas of achievement and areas for improvement.
34. Procurement activities have continued to deliver savings through tendering processes, negotiations, improved practices and innovation. The Procurement and Contracts team have continued their category and contract management work. The team has also continued to strengthen links with the Voluntary and Community Sector, Local Procurement Group (COGS), The Regional Social Value Group and The Regional Improvement and Efficiency Partnership. Work has also continued for and with other Local Authorities to undertake collaborative procurement activity.
35. The Council continues to benchmark its services to assist in identifying areas for review and to ensure that as many performance indicators as possible are performing to the standards that the Council sets. Benchmarking services used include:
 - Society of County Treasurers (SCT)
 - Association for Public Service excellence (APSE)
 - Chartered Institute of Public Finance Accountants (CIPFA).
 - Association of Local Authority Risk Managers (ALARM).
 - Adult Social Care National Data
 - Children's Social Care National Data
 - School attainment results
36. The Council had a savings target of £23.877m to achieve in 2013/14 and has monitored the achievement of this target throughout the financial year. Early in the financial year it was identified that there were considerable service pressures, primarily within Adult Services. Management action was taken and approval was sought to realign budgets within the year to ensure a balanced budget could be delivered. In addition the Council implemented a spending freeze on "controllable" budgets to reduce any projected net overspend. The estimated outturn, for 2013/14 is an underspend of £0.390m which has been included within the year end projection for the general reserve.
37. In their Audit findings for the year ended 31 March 2013. The External Auditor provided an unqualified opinion on the financial statements and their key messages arising from their work identified that,
 - the financial statements presented for audit were sound;
 - the processes for preparing the financial statements remain strong and were supported by the improvements in the working papers agreed following last year's audit;
 - the support provided to external audit throughout the year has ensured an efficient year end audit process, and
 - with the exception of the Waste PFI (private financing initiative) accounting adjustments, the remainder of the adjustments to the financial statements were minor, narrative and presentational in nature.
38. In undertaking the review of value for money, the External Auditor stated "the Council has a good track record of managing its budget and its cost saving

requirements. However the next three years provide a significant challenge to identify savings of £80m, with over half of this (£42m) being required in 2014/15. Following the extensive savings delivered over the past three years, the Council is now challenging how services are delivered to identify further savings and efficiencies. Overall we were satisfied that in the short term the Council is in a sound financial position but there remains significant uncertainty and it will be important for the Council to ensure that future financial plans are developed, agreed and delivered.”

39. “We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints it is required to operate within and whether it has achieved cost reductions and improved productivity and efficiencies. Overall, strategic performance has been maintained during 2012/13. Sixteen of the Organisational Health performance measures (94%) showing improvement from 2011/12. In addition, 59% of the reported indicators that are part of the Outcomes for Shropshire Scorecard show an improvement from 2011/12, whilst 32% have shown a decrease and 9% remain at the same level. This is a significant achievement for the Council. However the future challenge will be maintaining service delivery standards with further reductions to budgets.”

Value for money conclusion

“On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.”

40. The External Auditor also issued an unqualified opinion on the Pension Fund.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements

41. Shropshire Council’s Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. More detailed procedures and codes of practice are provided in rules and protocols contained in the Constitution.
42. Within the Constitution, Article 13 sets out the responsibilities and procedures for decision making. These are designed to ensure that all decisions will be made in accordance with the following principles:
- Proportionality (i.e. the action must be proportionate to the desired outcome).
 - Due consultation and the taking of professional advice from officers.
 - Respect for human rights.
 - A presumption in favour of openness.
 - Clarity of aims and desired outcomes.
 - Consideration of alternative options.
 - Recording reasons for the decision, including details of any alternative options considered and rejected and
 - That in relation to decisions of the Cabinet that these are lawful and consistent with the powers delegated by the Council.

43. The Cabinet is the Council's key decision making body and makes decisions within the policy framework approved by Full Council. It is made up of the Leader, and up to nine councillors. Key decisions are published in the Executives' Forward Plan and are discussed with council officers at a meeting of the Cabinet which will normally be open for the public to attend, except where confidential matters are being discussed. The Cabinet must make decisions which are in line with the Council's overall policies and budget. If the Cabinet wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.
44. The Council's arrangements for effective scrutiny were reviewed during 2013 and revised in light of the new priorities and cabinet portfolio arrangements. During 2013/14 the Council has progressed with the development of its business plan which sets out the ambition and direction of change. In order to keep pace with the change that the Council must go through Scrutiny Committees need to be able to respond flexibly, but also have structured work programmes that take account of planned change activity; whether to provide critical friend challenge, or to evaluate the impact of commissioning decisions. As part of this, the Council tested out a different model of enabling members to get closer to the change activity during the scrutiny of the business plans. Called Rapid Action Groups, they involved five non-executive members working with the relevant director and exploring specific change topics to understand the redesign and provide a critical friend challenge; for example, one group looked at how the Council reports and presents performance management information which has led to a new approach being introduced for 2014/15. The effectiveness of this approach is being reviewed to identify how it can become part of the Scrutiny 'toolbox'. The statutory Scrutiny Officer role has been reviewed and now sits with a post reporting to the Head of Legal, Strategy, and Democratic Services.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

45. The Constitution includes Codes of Conduct for both members and staff which are reviewed regularly to reflect any necessary changes.
46. All members and staff have a responsibility to ensure compliance with established policies, procedures, laws and regulations. Training and awareness sessions are provided for officers as necessary and appropriate induction sessions are arranged for all new staff and members.
47. Monitoring of compliance is delivered by relevant key officers, including the Section 151 Officer (Head of Finance, Governance and Assurance) and the Monitoring Officer (Head of Legal, Strategy and Democratic Services).

Reviewing the effectiveness of the Council's decision making framework, including delegation arrangements, decision making in partnerships and robustness of data quality.

48. Financial Rules, Contract Rules, Policies and Procedures, Codes of Conduct, Financial Manuals and Guidance are all in place and available to staff in paper and electronic formats. A number have been, and continue to be, reviewed in relation to the new operating model for the Council. Codes and protocols forming part of the Constitution are reviewed on a regular basis or in the light of significant change.

49. The Monitoring Officer (Head of Legal, Strategy and Democratic Services) is responsible for making recommendations for ways in which the Constitution can be amended or improved. Changes to the Constitution must be approved by Full Council, subject to the Head of Legal, Strategy and Democratic Services making routine revisions and replacing references to any repealed or amended legislation, or secondary legislation with current references.
50. In addition to the above, in order to allow the Council to make the many decisions that are required on a daily basis, responsibilities for certain decisions are delegated to senior officers as identified in Section 8 of the Constitution "Delegations to Officers". Part 3, Responsibilities for Executive Functions sets out how Portfolio Holders undertake their responsibilities taking advice from the relevant senior officer.

Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

51. There is an established Opportunity Risk Management Strategy in place supported by a Risk Management Team and led by the Head of Finance, Governance and Assurance, Lead Officer Advocate and the Portfolio Holder for Finance, Governance and Assurance, Lead Member Advocate, who have a key role in raising the profile of risk management across all areas of service. The Strategy is signed and endorsed by the Chief Executive.
52. The strategic risks for Shropshire Council have been identified and action plans have been put in place to ensure the risks are mitigated as far as possible to ensure minimal impact on delivering the Council's objectives. The strategic risks are updated monthly and reported to the informal Directors and Cabinet monthly meeting. All Committee Reports include a section on risk assessment and opportunities appraisal.

Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained

53. The Council is self-regulating in respect of Counter Fraud. It undertakes a self-assessment, identifies its risks and understands them. It acknowledges the problems and puts in place plans which can demonstrate that it is taking action with visible outcomes. It is transparent about this process and the results and reports to both the senior managers and to those charged with governance.

Ensuring effective management of change and transformation

54. During the development of the three year business plans the focus on having strong governance and project management around the various strands of activity was also shaped. This final model of the 'Tracking Hub' was co-created with Directors and led by the Programme Management Team – the work is monitored and updates brought to Directors meeting on a monthly basis.
55. As Shropshire Council continues on its journey to become a commissioning council a strong focus on service redesign has been established. This is helping to change the culture of the organisation, as service redesign is now seen as part of the commissioning cycle as opposed to merely progressing a straightforward procurement exercise.
56. This new way of thinking and working began through local commissioning activity in Church Stretton in February 2013 and has continued through the last twelve months, including week long business planning sessions in each service

directorates in September 2013 involving over 120 staff which helped shape the final three year Business Plan. As a result of all of this redesign activity, the learning has been up scaled and made normal in a number of areas. An example was the prototype involving Adult Social Care and Housing Service areas where the focus has led to increased productivity and a stronger focus on prevention and has since been rolled out across the People2People teams. Similarly, the Ageing Well prototype run in Church Stretton which had a focus on helping older people to live in their own homes for longer has now informed key elements of the Better Care Action Plan.

Ensuring the authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact

57. Whilst the Section 151 Officer does not report directly to the Head of the Paid Service the officer is a member of Senior Management and the arrangement does not stop the officer delivering their duties with the same impact as they would if reporting directly to the Head of the Paid Service. The financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). Systems operating within Shropshire Council are based upon a framework of regular management information and financial reporting to councillors and officers. The financial management system includes:
- The Section 151 Officer having direct access to the Head of the Paid Service, senior management and members on financial matters.
 - A strong culture amongst our directors, area commissioners, heads of service, service managers and service management teams of being responsible for financial management. Our managers work very hard to get the best service for their clients from the available resources.
 - A detailed medium term financial planning process.
 - Identification of high risk budgets for more detailed monitoring.
 - Detailed capital appraisal process which feeds into a three year capital strategy.
 - Regular financial monitoring reports to managers indicating projected financial performance against budgets.
 - Regular revenue budget monitoring reports to Cabinet.
 - Regular capital budget monitoring reports to Cabinet.
 - Specific exception reports in respect of capital and revenue issues to the Performance and Finance sub group.
 - Officer delegated decisions in accordance with approved delegations, codes and policies, for example Treasury Management.
 - Highly effective Internal Audit conforming to both Public Sector Internal Audit Standards and CIPFA's, Role of the Head of Internal Audit.
 - Effective working relationships with the external auditor.

Ensuring the authority's assurance arrangements conform to the governance requirements of the CIPFA Statement on the role of the Head of Internal Audit (2010) and, where they do not explain why and how they deliver the same impact

58. The system of internal financial control is subject to regular review by both the Council's Internal and External Auditors who adhere to professional standards.

59. Line managed by the Section 151 Officer, the Head of Internal Audit (Audit Service Manager) has open engagement with and full access across senior management and Audit Committee.
60. Whilst the Audit Service Manager pulls together the Annual Governance Statement it is completed with the full engagement of senior management and key officers alongside the collation of data from all areas of the Council's activities.

Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function

61. The Monitoring Officer function is set out in the constitution and there have been no changes in the delivery of the role.

Ensuring that effective arrangements are in place for the discharge of the head of the paid service function

62. The Head of Paid Service function is set out in the constitution and there have been no changes in the delivery of the role.

Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities

63. The Council has in place an effective Audit Committee which is seen as a key part of providing assurance on the Council's overall system of internal control and corporate governance arrangements. They undertake the core functions of an audit committee as identified in CIPFA's Audit Committee – Practical Guide for Local Authorities and have a full work programme. They monitor the work of both internal and external audit and receive a range of other reports for scrutiny. An ongoing training programme has been put in place for all Audit Committee members to ensure they have the appropriate skills and knowledge to scrutinise and challenge the reports they receive. They also consider the annual report on the review of the effectiveness of the Council's system of internal audit.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

64. The Head of Legal, Strategy and Democratic Services and their team have a key role in ensuring compliance with the Constitution and issuing advice and guidance on new legal developments and compliance with current legislation. The unit is Lexcel accredited and has Legal Officers who specialise in specific areas of Council activity, for example Education, Social Care and Health, etc.
65. Officers in Legal and Democratic Services have a key role to play in helping to ensure that the principles enshrined in the Constitution (sustainable decision-making, robust scrutiny, the rules of natural justice, standards of conduct, efficiency, transparency and high standards of corporate governance) are delivered in practice through the Council's administrative process.
66. The Head of Finance, Governance and Assurance also has a responsibility to highlight any proposal, decision or course of action which will involve any unlawful expenditure. The External Auditors also conduct an external audit of the Council's accounts.

Whistleblowing and receiving and investigating complaints from the public

67. Whistleblowing arrangements are in place and any irregularities identified will be investigated by Internal Audit or the appropriate officers within the Services. Guidance on 'Speaking up about Wrongdoing' which incorporates whistle blowing is distributed to staff, members and contractors electronically. Both a public and an employee policy are available on the internet and intranet. Details are also contained in employee handbooks and induction packs and the constitution.
68. All staff and members have been asked to complete on-line fraud awareness training and integral to this training, is advice on how to raise concerns through the whistle blowing channel.
69. Audit Committee are responsible for the monitoring and overview of the "Speaking up about Wrongdoing Policy" and receive the annual report.
70. The Internet has a dedicated site to inform the public of how to report suspected fraud issues and to raise awareness of how they too can avoid being a victim of fraud, corruption or bribery.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

71. Member development is delivered through a Community Leadership and Development Framework of blended learning structured enough to ensure good planning and flexible enough to remain dynamic. Focused on the following themes:
 - Induction programme for all members of Shropshire Council.
 - Essential training: which includes - safeguarding for both children and adults, code of conduct, recognising the corporate parent responsibility and single equality act awareness.
 - A programme of briefings information & support to help members fulfil their role safely and effectively, for example the Health Reforms, regulatory committee work, new ways of organisational working.
 - Specific individual development needs - assessed through development conversations between and with members' such as public speaking, dealing with difficult situations, speed reading.
72. Development needs for managers and staff continue to be identified via the Council's performance review system. A core skills development framework for all managers and staff is available and is delivered through a blended learning approach including on line learning, coaching and mentoring.
73. During 2013/14 a new Business Partner post for People Development has been introduced. The role of the Business Partner is to work closely with Heads of Service to identify team development needs in response to redesign activity and team restructures. Initial assessment of development needs results in a bespoke training programme being developed to meet team and individual needs. This approach enables us to measure impact of development activity more closely.
74. In response to business need, a 'New Shropshire Manager' profile has been developed. The key skills, knowledge and behaviours of our managers have been identified and a programme of development activity is available to support development needs. Commercialism, contract management and

commissioning skills are some of the key areas for development and a programme of training is available to support managers.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

75. Twenty eight Local Joint Committees (LJC's) meets formally at least twice a year across the county, with the opportunity for extra informal meetings where local people and issues require. They are made up of Shropshire councillors and Town and Parish councillors, all with an equal vote. The committees work with local people and organisations, involving them in decision making and holding public service providers to account. The committees strengthen the role of the existing town and parish councils and improve the quality of parish delivery and help to promote parish planning.
76. Each local committee had a delegated budget calculated on, 'a per' head of population together with a sparsity factor to acknowledge the rurality of the county. Financial procedures are in place with local decisions on priorities determined by the committee members.
 - The Council regularly consults on strategic decisions and service developments which in the past have been done through our People's Panel as well as specific and targeted consultation and engagement. The Council is reviewing opportunities to introduce a digital version of the People's Panel to support the effective delivery of its customer focused change programme. Examples where the People's Panel has been used include consulting on Shropshire partnership priorities, proposals for our council tax scheme, social media, and housing priorities. Focus group work has included public enforcement and protection services and meeting the Leader of the Council.
 - The future use of the People's Panel will include providing a quarterly view of the public's perception of how the Council is changing. This will be a feature of the Council's Performance Management Framework.
 - The Council undertakes consultation about changes to services, seeking to ensure that there is the opportunity for people who use services to understand what is happening, and to have their say to inform decision making. During 2013/14 the Council took forwards its work to change adult social care and respond to the changes that the personalisation agenda has introduced. Having undertaken conversations and consultation with partners, providers, people who use services and their families over recent years the decision was taken to begin a phased closure of day centres. The decision was challenged through the courts and in March 2014 the High Court judged that the Council had not completed the consultation it had started, by not discussing the closures with those directly affected, before progressing with the decision. In light of the importance of effective and lawful consultation as the Council changes the way it meets needs, it looked at its guidance for consultation during 2013/14 to support faster, transparent and effective decision making.
 - The Council has also introduced locality commissioning during 2013. This work starts with the data and requires consultation and engagement with the local community to provide the intelligence to compliment detailed reviews of systems and customer experiences. The findings are used to challenge service providers and commissioners, and enable informed decision making

about the need to and permission to change. Full locality commissioning activity has taken place in four market towns so far; Church Stretton, Wem, Oswestry and Shrewsbury.

77. In addition to the above there are a number of other ways in which the Council seeks views and consults with various groups such as:
- Forums: such as the Fairness, Respect, Equality, Shropshire (FRESH), Senior Citizens.
 - Taking Part: A group of adults with learning disabilities, supported by advocates that gives adults with learning disabilities the opportunity to influence service provision and development.
 - Youth Parliament: Local Democracy Week is held each October which encourages young people throughout the county to stand for election as a Member of Youth Parliament (MYP). Elections are held annually in January. Voting takes place in schools, colleges and community venues. All young people aged 13-19 are entitled to vote. The role of the MYP is to represent the views of young people in Shropshire. Each January young people vote on their top issues, the two most popular issues then form the basis for the MYP manifesto for the year. The MYP's also choose a regional issue to support.

Enhancing the accountability for service delivery and the effectiveness of other public service providers.

Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

78. The Council's governance arrangements in respect of partnerships and other group working are identified within the Constitution, Financial Rules and Corporate Performance Management Framework.
79. The Council's work in partnership and with other groups utilises aspects of the governance framework already in place, such as performance, risk and financial management processes.
80. A number of public health services transferred to the Council in April 2013 through which the Council works in conjunction with the local NHS and other services in the area to provide information and services to promote healthier lifestyles.
81. The Shropshire Compact is a set of shared principles and guidelines for effective partnership working between Shropshire's public sector bodies and the Voluntary and Community Sector (VCS). It acts as guidance to ensure shared understanding of responsibilities and obligations and work towards best practice in partnership arrangements. A Compact Group leads the work for the County. The Shropshire VCS Assembly also ensures the Compact is integrated into cross-sector policy and projects.
82. The Shropshire Voluntary and Community Sector (VCS) Assembly is well established as the voice of the VCS in Shropshire. The Assembly has around 300 members with a Board and 16 forums of interest. Forums of interest are groups of VCS organisations with a common interest; for example heritage, arts, disability, health, social care, housing, mental health, older people, etc.

The Assembly undertakes regular communication activity to involve its members in events, tender opportunities, consultations and to promote funding opportunities.

83. The VCS Assembly works to develop new policy and guidance designed to establish a common vision and set out new partnership approaches and expectations. Public sector representatives join the VCS Assembly Board regularly in addition to joint work through task groups.
84. A grant awarded to the VCS Assembly allowed three projects to be completed.
 - The development of Shropshire Providers Consortium(SPC). A Community Interest Company established to facilitate joint bidding for public sector contracts and funding opportunities. Membership is open to any member of the Shropshire VCS Assembly. There are now over 30 member organisations and many more eager to join. SPC has been in operation for twelve months and has exceeded the first year targets established within its three year business plan.
 - Support for the VCS Assembly's Forums of Interest to enable greater collaboration within the VCS and to encourage partnership working between sectors. Events, training, communication and other forms of support have been made widely available. The number of Forums has also increased as a result of the project.
 - The development of ShropShare provides a hub for socially responsible businesses to come together and work in partnership with local voluntary and community sector groups and organisations. Although only launched in October this year, membership is steadily increasing. Many local businesses are keen to offer their staff (through employee volunteering) and their skills and resources to help good causes.
85. Two Inspiring Partnerships and Enterprise (ip&e) companies, have been established, both wholly owned by Shropshire Council. These are ip&e Limited - a Teckal compliant company, predominantly delivering services to Shropshire Council, and ip&e Trading, a commercially trading company. To maximise value to the public purse, these two companies are set up in such a way that staff and resources within ip&e Limited can be seconded to ip&e Trading in order to deliver work for external customers.
86. The Council has established two business areas within ip&e Limited: 360 Communications is delivering a range of media, communications and marketing activity and a programme management and business design team, established from March 2014. Ip&e Trading will be able to trade with other organisations, and the Council will reinvest profit from both companies into service provision. The Chairman for ip&e Trading is the elected Leader of the Council. The Chairman of ip&e Limited is a Cabinet portfolio holder .Both Chairmen are supported by a board of directors, appointed by the Council's Cabinet in its role as company shareholder representatives. The Cabinet appoints ip&e's managing director – who is able to manage resources across both companies. The Council's Cabinet acts as shareholder on behalf of the people of Shropshire and ip&e Limited has a contract with the Council to provide services, together with specific service contracts for specific areas of business. This contract sets out what is expected of each party, including the funds that the Council will provide to ip&e Limited to deliver services. The company and the Council will agree a business plan each year to ensure that ip&e Limited is fulfilling its responsibilities under its contract with the Council. Ip&e Trading will

seek to establish partnerships with public, private, community and voluntary organisations.

87. Shropshire Towns and Rural Housing Ltd (ST&RH) took responsibility for the management of all 4,200 Shropshire Council owned homes in the Oswestry and Bridgnorth areas on the 1st April 2014. ST&RH manages the homes and neighbourhood - collecting rent, ordering repairs and making improvements to all housing with the Council retaining ownership of the homes. The 'management agreement' between the two parties sets out in detail the 'who-does-what' between the two organisations. It includes arrangements for checking how ST&RH performs to make sure high standards are maintained.

Review of Effectiveness

88. Shropshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the governance arrangements is informed by the work of the directors and senior management within the authority who have responsibility for the development and the maintenance of the governance environment, the Audit Service Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
89. All directors, area commissioners and senior managers have confirmed that, to their knowledge, internal control systems and governance arrangements are operating adequately in their areas and/or steps are being taken to address known areas of weakness. In addition the Head of Paid Service, Chief Financial Officer and the Monitoring Officer all contribute to the identification of any known areas of weakness to be addressed.
90. The Cabinet monitors the effectiveness of the internal control system via consideration of regular performance and financial information reports from the senior management. Cabinet members receive regular feedback from senior officers within their portfolios on the progress of objectives and the management of risks linked to these objectives. Each portfolio holder produces an annual report to Council on the performance in their area.
91. Scrutiny Committees have a role in the review of policies and their outcomes, development of new policies and in the performance of services. Scrutiny Chairs produce an annual report on the work of their panels. During 2013/14 the Council tested out a different model of enabling members to get closer to the change activity during the scrutiny of the business plans. Called Rapid Action Groups, they involved five non-executive members working with the relevant director and exploring specific change topics to understand the redesign and provide a critical friend challenge.
92. In addition, in the autumn, Scrutiny conducted examinations on the directorate business plans in the form of select committee style meetings to help scope the actions necessary to deliver the Council's objectives.
93. The Internal Audit Service complies with the requirements of the Public Sector Internal Audit Standards and continually works with managers in assessing the risk management, control and governance environment, enhancing processes where necessary. There is in place a risk based internal audit plan which

examines all key financial and managerial systems, endorsed by the Audit Committee. Internal Audit's objectives include:

- Independently providing assurance and an opinion to the Section 151 Officer, Audit Committee and the Council on the adequacy of the Council's risk management, governance and internal control environment and the extent that it can be relied upon.
- Recommending improvements in the effectiveness of risk management, control and governance processes.
- Working in partnership with our External Auditors ensuring effective audit cover and optimising available audit resources.
- Reviewing, appraising and reporting on the extent to which the Council's assets are accounted for and safeguarded from losses of all kinds arising from fraud and other offences, waste, extravagance and inefficient administration, poor value for money or other causes.
- Carrying out selected value for money reviews of the efficiency and economy of the planning and operation of the Council's functions.
- Providing a responsive, challenging and informative internal advice and consultancy service for committees and services.
- Undertaking any non-recurring studies as directed by the Section 151 Officer.
- Advising on or undertaking fraud investigation work, with the exception of benefit fraud in accordance with the Council's Fraud Investigation procedure, prosecutions policy and the disciplinary guide. In addition to participating in the National Fraud Initiative; and
- Periodically undertaking an audit needs assessment taking into consideration the authorities risk management process.

94. On the basis of the work undertaken and management responses received; the Audit Service Manager has qualified her overall opinion on the Council's internal control environment due to the increase in terms of numbers and direction of travel of the internal audit assurances provided on the IT infrastructure systems. Audit Committee have sought and received further explanation and appropriate assurance from management to address the issues identified by Internal Audit. Council application systems reviewed in 2013-14 were in the main given a reasonable or higher level of assurance, supportive that material application systems are generally well embedded, well administered and controlled. However, the IT infrastructure on which they operate presents a clear risk to service continuity. The issues identified are sufficient to warrant qualifying the annual audit opinion to the extent that management must prioritise implementing their positive responses to address the matters raised. Whilst identifying these control weaknesses and highlighting them to management, there has been no evidence of significant IT business failure or material errors that could result in a material misstatement in the Authority's accounts and reliance can still be placed upon them for that purpose.

95. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee who supports the Audit Service Manager, that these issues are sufficient to warrant qualifying the annual audit opinion to the extent that management must prioritise implementing their plans to address the issues identified.

96. We also have been advised on the results of a review from Management Team that the arrangements generally continue to be regarded as fit for purpose in accordance with the governance framework. Where there are exceptions, for example the infrastructure IT systems that have received limited Internal Audit assurance opinions, as part of an on-going process of service improvement agreed recommendations are managed, monitored and reported upon. Where services have been identified as having fundamental or significant risks in the management controls, these are prioritised within the service area for mitigation. The resulting action plans are prioritised and implementation progress reported to the appropriate Head of Service who in turn reports progress weekly to the Director of Resources and Support. Progress on key system internal control areas is also being reported to Audit Committee. The significant areas to be addressed and activities for their management are outlined in the action plans later in this statement.
97. During 2013/14 all Shropshire Council's adult services, registered by the Care Quality Commission (CQC), were subject to either an announced or unannounced inspection. All services were deemed to be meeting each of the standards assessed (the highest possible outcome).
98. As part of the Council scrutiny process two elements of adult social care business were subject to a 'Rapid Action Group' focus. The groups focussed on 'personalisation' and the 'new operating model.' Recommendations from both pieces of work have been built into practice.
99. Health and Wellbeing Scrutiny received two reports as part of the preparing for the new and additional responsibilities that the Council will have as part of the care bill implementation.
100. Schools performance demonstrates: 62 per cent of Shropshire secondary schools judged by Ofsted to be good or outstanding; 70 per cent of pupils attending good and outstanding secondary schools; 78 per cent of Shropshire primary schools are judged to be good or outstanding and 80 per cent of Shropshire pupils attend primary schools judged to be good or outstanding. The Council is required to set out its action plan where a school is inspected and is determined by Ofsted to be in special measures. At the end of 2013/14 there were two secondary schools and six primary schools in a category to improve. All action plans that have been forwarded to Ofsted have been approved.
101. Ofsted undertook an unannounced safeguarding inspection in Shropshire on the 19th to the 28th November 2012. The overall judgment was 'Adequate', meaning that Shropshire meets the requirements in terms of quality of practice, leadership and governance and effectiveness of help and protection. The strong or good elements related to timeliness of assessments, the direction of travel and the good potential for Early Help arrangements. The areas for development were largely focussed on referral and decision-making processes. All recommendations have been addressed and reported to the Safeguarding Board and have continued to be improved. Shropshire's Children's Services are currently preparing for the new unannounced inspection of their services, under the new Ofsted framework which commenced nationally in 2013. Preparation continues through 2014.

102. Shropshire’s children’s homes: The Rowans, Chelmaren and Havenbrook, work in partnership to provide the best outcomes possible for Shropshire’s ‘Looked After Children’. In 2013/14 Ofsted judged the overall effectiveness of one home as ‘Good’, and the other two homes as ‘Outstanding’. The homes incorporate the authority’s objectives into team action plans and development plans; along with legislation and national guidance these form the basis of the service delivery. The homes have rationalised staffing levels and developed flexible working, which has contributed cost benefits to the service. Direct quotations from the latest Ofsted inspections include: ‘Staff have an excellent understanding of young people’s needs and safe working practices’. ‘Young People develop very positive relationships with staff which underpins the outstanding levels of care and support they receive’ and ‘internal and external monitoring of the home takes place regularly...Reports appropriately review performance and identify areas for improvement’.
103. During 2013/14 only one inspection took place, out of a total of 39 Children’s Centres. This received a judgement of ‘Good,’ for both overall effectiveness and capacity to improve. A new inspection framework is being implemented for 2014. We anticipate inspections under this new framework to take place in 2014.

Significant Governance Issues

The main challenge facing the Council is the delivery of services to acceptable standards whilst achieving budget savings of £41.5m in 2014/15 with an overall funding gap of £80m identified over the next three years whilst retaining adequate balances. To ensure we deliver this we will:

	Action	Lead Officer	Completion date
1.	Implement the first year of the Business Plan and Financial Strategy and deliver outcomes based on managing demand to deliver value for money through commissioning.	Clive Wright	March 2015
2.	Continue to review the Council’s reserve to ensure a prudent and risk assessed level is maintained as the Council continues to operate within new funding mechanisms and with increased levels of uncertainty and risk over future funding reductions.	James Walton	June 2014
3.	Ensure that the staffing resources, given the changing shape of the Council, continue to remain skilled, knowledgeable and appropriate to deliver the Council’s business plans.	Clive Wright	March 2015
4.	Improve our IT infrastructure to	Nigel Bishop	March 2015

	Action	Lead Officer	Completion date
	ensure it is fit for purpose, robust and PSN compliant to improve business continuity risks.		
5.	Ensure robust business cases for any project involving redesign and new delivery models are properly constructed, appropriately consulted upon and scrutinised to ensure they meet the requirements of the Business Plan and Financial Strategy and are financially viable before any implementation decision.	Nicki Beardmore	On-going as they present themselves
6.	Develop a more cohesive and robust way of monitoring contracts as part of re-design of Shropshire Council functions.	George Candler	December 2014

104. The associated risks have been identified, remain under close review and will be continually managed throughout the year given how key they are to ensuring the continued delivery of our high quality services.

105. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Leader

Head of Paid Service

ANNUAL GOVERNANCE STATEMENT (AGS) FRAMEWORK 2013/14

ANNEX A

Governance Framework – Key Documents/Functions

- Communication Plan
- Constitution
- Shropshire Council Business Plan
- Schedule of Council Meetings
- Service Planning Guidance
- Portfolio Holder Statements
- Business Transformation Projects
- Statement of Community Involvement Strategy
- Harassment and Bullying Policy
- ICT Code of Practice for Employees
- Corporate Performance Management Framework
- Developing People Strategy
- Core values
- Council procedure rules
- Record of decisions
- Risk registers and control frameworks
- Code of conduct for members
- Members induction and training programme
- Code of conduct for employees
- Officer and member protocols
- Opportunity risk management strategy
- Register of interests
- Confidential reporting policy
- Counter-fraud, bribery and anti-corruption strategy
- Code of corporate governance
- Whistle blowing (Speaking up about wrongdoing) policy
- Capital Appraisal Process
- Information Governance Policy
- Procurement Strategy
- Contract Procedure Rules
- Financial Rules
- Medium Term Financial Plan / Budgets
- Treasury Management Framework
- Annual Statement of Accounts
- Diversity in Employment Policy
- Scheme of Delegation
- Delegations to Officers
- Business Continuity Management Plan
- Health and Safety Policy
- Complaints Process
- Voluntary and Community Sector Compact

Annual Governance Statement

Signed by the Leader of the Council and Head of Paid Service to accompany the Statement of Accounts

Independent review and approval by Audit Committee who examine draft AGS

Review of the Effectiveness of the system of Internal Audit

Authority, Directorate Policies and Service Policies, Business Plan and Risk Registers

Senior management with responsibility for drafting AGS after evaluating assurances and supporting evidence

Page 265

<p>Performance Management & Data Quality</p> <ul style="list-style-type: none"> • Embedded system • Operates throughout the organisation • Internal and external reviews • Action orientated • National/Local KPIs • Periodic progress reports • Corporate Performance Management Group • Data Quality Strategy 	<p>Risk Management</p> <ul style="list-style-type: none"> • Opportunity Risk Management Strategy • Embedded in planning processes and project/partnership methodologies • Effectiveness evaluated • Outcomes reported to Committee • Training Programme 	<p>Information Governance</p> <ul style="list-style-type: none"> • Corporate Information Governance Policy • Training Programme • Outcomes reported to Committee 	<p>Legal and Regulatory Assurance</p> <ul style="list-style-type: none"> • Monitoring Officer's reports • Sections of Committee Reports • Legal Advice 	<p>Members' Assurance</p> <ul style="list-style-type: none"> • Standards Committee (abolished 30.3.12) • Scrutiny Function 	<p>Assurances by Directors/ Senior Officers</p> <ul style="list-style-type: none"> • Annual Management Assurance Statements • Periodic Reports 	<p>Other Sources of Assurance (including third-party)</p> <ul style="list-style-type: none"> • Reports by Inspectors • Service Review reports • Fraud Reports and Investigations • Ombudsman reports • Post Implementation reviews of projects • Investors in People Accreditation 	<p>Financial Management</p> <ul style="list-style-type: none"> • Medium Term Financial Plan • Revenue Budget and Capital programme • Revenue and Capital Monitoring reports • Treasury Management • Schools Accredited under SFVS Standard • Statement of Accounts • Compliance with Codes of Accounting Practice • Statutory returns • Grant Claims 	<p>Internal Audit</p> <ul style="list-style-type: none"> • Operates under approved Charter • Approved risk based plans • Periodic and annual reports to Audit Committee, including Head of Audit's opinion • Public Sector Internal Audit Standards compliance assessment • External Review 	<p>External Audit</p> <ul style="list-style-type: none"> • Annual Plan Shropshire Council and the Pension Fund • Annual Governance Report • Annual Audit Letter • Certification Report • Audit Opinion and VFM conclusion • Updates and ad hoc reports to Audit Committee
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ON GOING ASSURANCE ON ADEQUACY AND EFFECTIVENESS OF CONTROLS OVER KEY RISK

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<u>Committee and Date</u>	<u>Item</u>
Cabinet 30 July 2014	16
Audit Committee 18 September 2014	
Council 25 September 2014	
	<u>Public</u>

ANNUAL TREASURY REPORT 2013/14

Responsible Officer James Walton

e-mail: James.Walton@shropshire.gov.uk

Tel: (01743) 255011

1. Summary

- 1.1. The report informs members of treasury activities for Shropshire Council for 2013/14, including the investment performance of the internal treasury team to 31 March 2014. The internal treasury team outperformed their investment benchmark by 0.3% in 2013/14 and performance for the last three years is 0.5% per annum above benchmark. Treasury activities during the year have been within approved prudential and treasury indicators set and have complied with the Treasury Strategy.
- 1.2. During 2013/14 the performance of the Treasury Team delivered an under spend of £1.319 million compared to budget as highlighted in paragraph 10.7 of this report. This under spend helped the Council to achieve an overall under spend at the end of the financial year.
- 1.3. The claim for the £1 million deposit placed by Bridgnorth District Council with the Icelandic Bank, Landsbanki has now been sold through a competitive auction process. The sale means that the Council has recovered 92% of the amount that was originally deposited. The sale of the claim represents a clean break and the Council is no longer a creditor of Landsbanki.

2. Recommendations

- 2.1. Members are asked to accept the position as set out in the report.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.2. There are no direct environmental, equalities or climate change consequences arising from this report.
- 3.3. Compliance with the CIPFA Code of Practice on Treasury Management, the Council's Treasury Policy Statement and Treasury Management Practices and the Prudential Code for Capital Finance together with the rigorous internal controls will enable the Council to manage the risk associated with Treasury Management activities and the potential for financial loss.

4. Financial Implications

- 4.1. The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing as a result of capital receipt generation, or delays in delivery of the capital programme will both have a positive impact of the council's cash position. Similarly, higher than benchmarked returns on available cash will also help the Council's financial position. For monitoring purposes, assumptions are made early in year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions result in increased or reduced income for the Council.
- 4.2. The 2013/14 performance is above benchmark for the reasons outlined in paragraph 10.7 of this report and has delivered additional income of £1.319 million which has been reflected in the final Revenue Monitor report for 2013/14.

5. Background

- 5.1. The Council defines its treasury management activities as "the management of the authority's investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks".
- 5.2. The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2013/14. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 5.3. Changes in the regulatory environment place a much greater onus on members for the review and scrutiny of treasury management policy and activities. Minimum reporting requirements are that the Council should receive the following reports:

- An annual treasury strategy in advance of the year.
 - A mid-year treasury update report.
 - An annual report following the year describing the activity compared to the strategy.
- 5.4. The CIPFA Code of Practice on Treasury Management states that these reports should be scrutinised by a nominated committee and members should be trained on treasury management activities in order to support them in their scrutiny role. These reports were scrutinised by the Audit Committee before they were reported to full Council for approval. Members also received training on treasury management issues to support their scrutiny role by completing the CIPFA treasury management self-assessment and further Member training was undertaken in November 2013 in conjunction with our Treasury Advisor, Capita Asset Services.
- 5.5. In addition to the minimum reporting requirements, the Director's and Cabinet also receive quarterly treasury management update reports for information.
- 5.6. The Treasury Strategy for 2013/14 was approved by Council in February 2013, the mid-year treasury update report was approved by Council in December 2013. This Annual Report sets out our actual treasury performance for the year and shows how the actual treasury performance varied from our estimates and planning assumptions.

6. Borrowing Strategy for 2013/14

- 6.1. The borrowing strategy for the year continued to be funding the Council's long term borrowing requirement at advantageous rates. Short term finance from internal balances would be used in the interim pending favourable market conditions for long term funding.
- 6.2. Short term Public Works Loan Board (PWLB) rates were expected to be significantly cheaper than longer term borrowing rates during the year therefore borrowing in the 10 year period early on in the financial year when rates were expected to be at their lowest would be considered. Variable rate borrowing was also expected to be cheaper than long term fixed rate borrowing throughout the year.
- 6.3. An alternative strategy was to defer any new borrowing as long term borrowing rates were expected to be higher than investment rates during the year. This would maximise savings in the short term and also have the added benefit of running down investments which would reduce credit risk. Short term money market borrowing was not used during the year.

7. Borrowing outturn for 2013/14

- 7.1. The Treasury Team take advice from its external treasury advisor, Capita Asset Services, on the most opportune time to borrow. Movements in rates during 2013/14 are shown in the graph at Appendix A.
- 7.2. Members have previously been advised of the unexpected change of policy on PWLB lending arrangements in October 2010 following the Comprehensive Spending Review. This resulted in an increase in all new borrowing rates of between 0.75 – 0.85%, without an associated increase in early redemption rates. This made new borrowing more expensive and repayment relatively less attractive.
- 7.3. The table below shows PWLB borrowing rates for a selection of maturity periods. The table also shows the high and low points in rates during the year, average rates during the year and individual rates at the start and the end of the financial year.

	4.5 – 5yrs	9.5 – 10yrs	24.5 – 25 yrs	49.5 – 50 yrs
01/04/2013	1.75%	2.84%	4.08%	4.23%
31/03/2014	2.50%	3.66%	4.45%	4.48%
High	2.97%	4.10%	4.67%	4.70%
Low	1.61%	2.58%	3.78%	4.07%
Average	2.47%	3.58%	4.43%	4.47%
High date	27/12/2013	02/01/2014	10/09/2013	10/09/2013
Low date	15/04/2013	19/04/2013	19/04/2013	03/05/2013

- 7.4. Following discussions with Capita, as general fund borrowing rates were significantly higher than investment rates during the year it was agreed that if any new borrowing was required during the year it would be deferred in order to maximise savings in the short term and reduce credit risk by reducing investments. Due to a review of the Capital Programme no new external borrowing was required in 2013/14.
- 7.5. The Council's total debt portfolio at 31 March 2014 is set out below:-

Type of Debt	Balance £m	Average Borrowing Rate 2013/2014
General Fund Fixed rate – PWLB	210.22	5.55%
HRA Fixed rate - PWLB	83.35	3.51%
Fixed rate – Market	49.20	4.10%
Variable rate	0	N/A

- 7.6. The average borrowing rate for the total portfolio (PWLB and Market) has remained the same at 5% in 2012/13 and 2013/14 due to no new borrowing being undertaken. The maturity profile of the debt is evenly spread to avoid large repayments in any one financial year. The average debt period for PWLB loans is 22 years, market loans have an average debt period of 56 years. The total debt portfolio has a maturity range from 1 year to 64 years.

7.7. The Treasury Strategy allows up to 15% of the total outstanding debt to mature in any one year. It is prudent to have the Council's debt maturing over many years so as to minimise the risk of having to re-finance when interest rates may be high. The actual debt maturity profile is within these limits (Appendix B).

8. Debt rescheduling

8.1. No debt restructuring was undertaken during 2013/14. The introduction of a differential in PWLB rates on the 1 November 2007, which was compounded further since a policy change in October 2010 as outlined above, has meant that large premiums would be incurred if debt restructuring was undertaken which cannot be justified on value for money grounds.

8.2. Although these changes have restricted debt restructuring, the current debt portfolio is continually monitored in conjunction with external advisers in the light of changing economic and market conditions to identify opportunities for debt rescheduling. Debt rescheduling will only be undertaken:

- To generate cash savings at minimum risk.
- To help fulfil the Treasury Strategy.
- To enhance the balance of the long term portfolio by amending the maturity profile and/or volatility of the portfolio.

9. Investment Strategy for 2013/14

9.1. Our treasury advisor originally felt when the strategy was approved by Council in February 2013 that the bank rate would remain at its historically low level of 0.50% throughout the year with the first rise to 0.75% not expected until March 2015. During the year their interest rate forecast was reviewed and their updated forecast was approved by Council in December 2013 as part of the mid-year report. Their revised forecast was that the bank rate would remain at 0.50% until September 2016.

9.2. In 2013/14 investment of surplus cash was managed by the internal treasury team. The strategy for the in-house team was influenced by the need to keep funds relatively short for cash flow purposes. Lending continued to be restricted to UK banks, one overseas bank, one Building Society, Nationalised and Part Nationalised Banks, UK Government and other Local Authorities in line with the Council's policy on creditworthiness which was approved in the Annual Investment Strategy.

10. Investment outturn 2013/14

10.1 The tight monetary conditions following the 2008 financial crisis continued through 2013/14 with little material movement in shorter term deposit rates. Bank rate remained at its historical low of 0.5% throughout the year and has now remained unchanged for five years. Market expectations of the start of monetary tightening remained the same during the year with the first increase in the Bank Rate not expected until the start of 2015 at the earliest. The Government's Funding for Lending Scheme resulted in deposit rates

remaining depressed during the whole of the year.

- 10.2 Economic growth (GDP) in the UK was virtually flat during 2012/13 but surged strongly during 2013/14. Consequently there was no additional quantitative easing during 2013/14 and the Bank Rate ended the year unchanged at 0.5% for the fifth successive year. While CPI inflation had remained stubbornly high and substantially above the 2% target during 2012, by January 2014 it had, at last fallen below the target rate to 1.9% and then fell further to 1.7% in February. It is expected to remain below the target rate for the next two years ahead.
- 10.3 The EU sovereign debt crisis subsided during the year and confidence in the ability of the Eurozone to remain intact increased substantially. Perceptions of counterparty risk improved after the European Central Bank (ECB) statement in July 2012 that it would do “whatever it takes” to support the struggling Eurozone countries. This led to a return of confidence in its banking system which continued into 2013/14. However, this is not to say that the problems of the Eurozone, or its banks, have ended as the Eurozone faces the likelihood of weak growth over the next few years at a time when the total size of government debt for some nations is likely to continue rising. Continued stress tests of the Eurozone banks could also reveal some areas of concern.
- 10.4 The Funding for Lending Scheme, announced in July 2012, has resulted in a flood of cheap credit being made available to banks and this has resulted in money market investment rates falling drastically in the second half of 2012 and continuing into 2013/14.
- 10.5 To counter the historically low investment rates, and following advice from Capita, use was made of direct deals with main UK banks which were part nationalised for various periods from three months to one year. Direct deals offered substantially enhanced rates over the equivalent rates available through brokers. This provided opportunities to lock into higher, long term rates at times when it was thought they offered substantial enhancement over short term benchmark rates. Due to the enhanced market rates over bank rate this resulted in the total portfolio outperforming the benchmark. Continued use of instant access accounts with Natwest, HSBC and Svenska Handelsbanken was also used as these accounts offered both instant access to funds and paid a rate which was higher than placing short term deposits through brokers.
- 10.6 Movements in short term rates through the year are shown in the graph at Appendix A.
- 10.7 Throughout the year the level of interest rates and average investment balances were higher than budgeted. This resulted in the internal treasury team achieving a higher level of interest on revenue balances than budgeted. This £248,929 surplus was in addition to an under-spend on debt charges of £1,070,328 due to no long term general fund borrowing being undertaken in 2013/14. The total £1.319 million under spend helped the Council to achieve an overall under spend at the end of the financial year.

10.8 At 31 March 2014 the allocation of the cash portfolio was as follows:

	£m
• In-house short dated deposits for cash flow management	82.6
• In-house long dated deposits (up to 1 year)	24.1
• Other Local Authorities	3.0
Total	109.7

10.9 The following table shows the average return on cash investments for the internal treasury team during the year and for the last 3 years to 31 March 2014. Recognising the need to manage short term cash flow requirements, the target for the internal team is the Local Authority 7 day deposit rate.

	Return 2013/14	Return 3 years to 31 March 2014
	%	% p.a
Internal Treasury Team	0.6	0.8
Benchmark (Local Authority 7 Day LIBID rate)	0.3	0.3

10.10 The conclusions to be drawn from the table are:

- During 2013/14 the internal treasury team outperformed their benchmark by 0.3%.
- Over the 3 year period the internal team's performance has been 0.5% per annum above the benchmark.

11. Landsbanki Deposit Update

11.1 The claim for the £1 million deposit placed by Bridgnorth District Council with the Icelandic Bank, Landsbanki has now been sold through a competitive auction process. The sale means that the Council has recovered 92% of the amount that was originally deposited. The sale of the claim represents a clean break and the Council is no longer a creditor of Landsbanki.

12. Compliance with Treasury Limits and Prudential Indicators

12.1 All borrowing and lending transactions undertaken through the year have complied with the procedures and limits set out in the Council's Treasury Management Practices and Treasury Strategy. In addition, all investments made have been within the limits set in the approved counterparty list. No institutions, in which investments were made, showed any difficulty in repaying investments and interest in full during the year.

12.2 Appendix C shows the Prudential Indicators approved by Council as part of the 2013/14 and 2014/15 (revised estimate) Treasury Strategies compared with the actual figures for 2013/14. In summary, during 2013/14 treasury activities have been within the prudential and treasury limits set in the Treasury Strategy.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Council, 28 February 2013, Treasury Strategy 2013/14.

Council, 19 December 2013, Treasury Strategy 2013/14 Mid-Year Review.

Council, 27 February 2014, Treasury Strategy 2014/15.

Cabinet, 24 July 2013, Treasury Management Update Quarter 1 2013/14.

Cabinet, 13 November 2013, Treasury Management Update Quarter 2 2013/14.

Cabinet, 12 February 2014, Treasury Management Update Quarter 3 2013/14.

Cabinet, 04 June 2014, Treasury Management Update Quarter 4 2013/14.

Cabinet Member:

Mike Owen, Portfolio Holder

Local Member

N/A

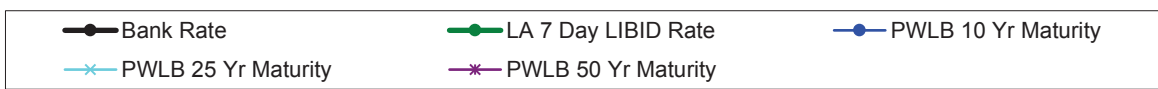
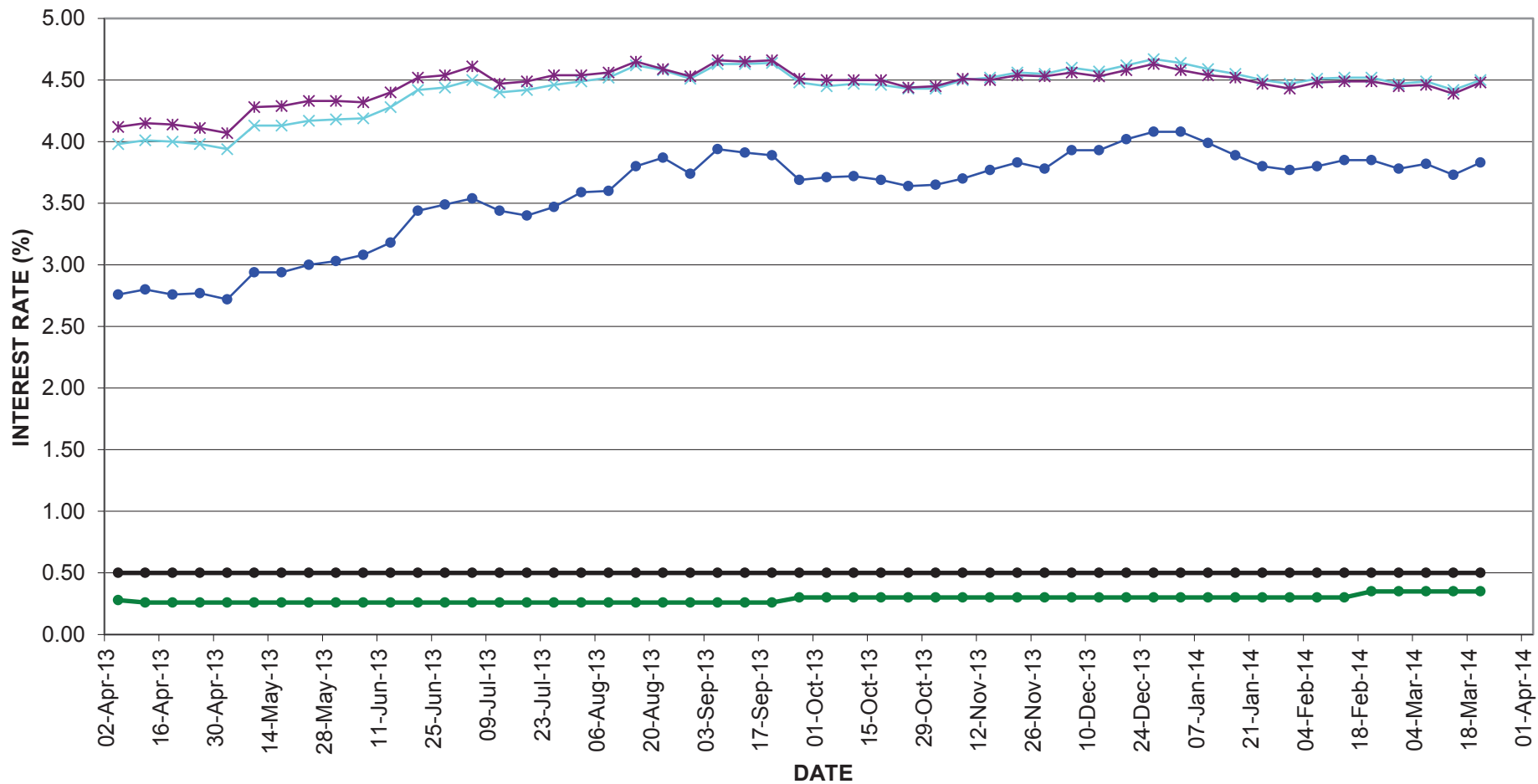
Appendices

A. Movement in Interest Rates 2013/14

B. Debt Maturity Profile as at 31 March 2014

C. Prudential Indicators 2013/14

MOVEMENTS IN INTEREST RATES 2013/14



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APPENDIX C

SHROPSHIRE COUNCIL PRUDENTIAL INDICATORS 2013/14

- C1. The Prudential Code requires the Council to set Prudential Indicators in the Treasury Strategy and report performance against those indicators in the Annual Treasury Report.
- C2. The ratio of financing costs compared to the net revenue stream of the Council was lower than expected in 2013/14 due to no general fund borrowing being undertaken during the year.

Prudential Indicator	2013/14 Revised Estimate	2013/14 Actual
	%	%
Non HRA Ratio of financing costs to net revenue stream	10.8	9.5

Prudential Indicator	2013/14 Revised Estimate	2013/14 Actual
	%	%
Non HRA Ratio of financing costs (net of investment income) to net revenue stream	10.6	9.2
HRA Ratio of financing costs to HRA net revenue stream	44.3	41.9

- C3. The cost of capital investment decisions funded from a re-direction of existing resources was lower than anticipated due to a revised 2013/14 capital programme and the active programme to generate additional capital receipts to reduce the requirement for prudential borrowing to finance the capital programme as reported in the monthly capital monitoring reports.

Prudential Indicator	2013/14 Estimate	2013/14 Actual
Estimates of impact of Capital Investment decisions in the present capital programme	£ p	£ p
Cost of capital investment decisions funded from re-direction of existing resources (Council Tax Band D, per annum)	25.81	18.73
Cost of capital investment decisions funded from increase in council tax (Council Tax Band D, per annum)	0	0
Cost of capital investment decisions funded from increase in average housing rent per week	0	0
Total	25.81	18.73

- C4. It can be seen from the tables that the authority was well within the approved authorised limit and the operational boundary for external debt for 2013/14.

Prudential Indicator	2013/14 Estimate	2013/14 Actual
External Debt	£ m	£ m
Authorised Limit:		
Borrowing	497	343
Other long term liabilities	94	23
Total	591	366

Prudential Indicator	2013/14 Estimate	2013/14 Actual
External Debt	£ m	£ m
Operational Boundary:		
Borrowing	423	343
Other long term liabilities	94	23
Total	517	366

- C5. Gross borrowing was as anticipated due to no general fund borrowing being undertaken in 2013/14. A key indicator of prudence is that net borrowing should not exceed the capital financing requirement. It can be seen from the following figures that the Council continues to meet this prudential indicator. The Capital Financing Requirement was lower than estimated following slippage in the capital programme that resulted in a reduced financing requirement from the capital receipts previously set-aside as approved by Council.

Prudential Indicator	2013/14 Revised Estimate	2013/14 Actual
Net Borrowing & Capital Financing Requirement:	£ m	£ m
Gross Borrowing (inc HRA)	343	343
Investments	90	110
Net Borrowing	253	233
Non HRA Capital Financing Requirement	263	247
HRA Capital Financing Requirement	85	85
Total CFR	348	332

- C6. Total capital expenditure during the year was lower than anticipated. Explanations for these under-spends were included in the 2013/2014 final capital outturn report.

Prudential Indicator	2013/14 Revised Estimate	2013/14 Actual
	£ m	£ m
Non HRA Capital expenditure	48	38
HRA Capital expenditure	5	3

C7. The level of fixed rate and variable rate borrowing were within the approved limits for the year.

Prudential Indicator	2013/14 Estimate	2013/14 Actual
	£ m	£ m
Upper Limit For Fixed/Variable Rate Borrowing		
Fixed Rate (GF)	327	260
Fixed Rate (HRA)	96	83
Variable Rate	212	0

C8. The level of fixed rate and variable rate investments were within the approved limits during 2013/14.

Prudential Indicator	2013/14 Estimate	2013/14 Actual
	£ m	£ m
Upper Limit For Fixed/Variable Rate Investments		
Fixed Rate	200	37
Variable Rate	200	73

C9. No investments over 364 days were held by the internal treasury team.

Prudential Indicator	2013/14 Estimate	2013/14 Actual
	£m	£m
Upper Limit For Sums Invested over 364 days		
Internal Team	40	0
External Manager	30	0

C10. The maturity profile was within the limits set in the Treasury Strategy.

Prudential Indicator	2013/14 Upper Limit	2013/14 Actual
	%	%
Maturity Structure of External Borrowing		
Under 12 months	15	1
12 months & within 24 months	15	3
24 months & within 5 years	45	5
5 years & within 10 years	75	7
10 years & above	100	84

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Committee and Date

Council

25 September 2014

Item

17

Public

ADOPTION OF PART II OF THE LOCAL GOVERNMENT (MISCELLANEOUS PROVISIONS) ACT 1976

Responsible Officer Paul McGreary – Head of Public Protection
e-mail: paul.mcgreary@shropshire.gov.uk Tel: 01743 253868

1. Summary

- 1.1** This report sets out the final stage of the legal process to confirm the adoption of the provisions of Part II of the Local Government (Miscellaneous Provisions) Act 1976 ('the 1976 Act') for the whole of the Shropshire Council administrative area in readiness for the Council becoming a commissioning council. Part II of the 1976 Act contains provisions relating to the licensing of private hire and hackney carriage vehicles, drivers and operators.

2. Recommendation

- 2.1** That the Council resolves that the provisions of Part II (other than section 45) of the Local Government (Miscellaneous Provisions) Act 1976 relating to hackney carriage and private hire vehicles shall apply to the Council's administrative area with effect from 27 October 2014, this being a date not before the expiration of the period of one month beginning with the day the resolution is passed.

R E P O R T

3. Risk Assessment and Opportunities Appraisal

- 3.1** The licensing function is being considered as part of a proposal to deliver regulatory services through a new delivery model under the Council's wider commissioning approach to the delivery of services. The current proposal for the delivery of regulatory services, if accepted by the Council, indicates that the new delivery model will be implemented from 1 April 2015.

- 3.2** It is considered judicious for clarification purposes and to ensure certainty in any enforcement action taken by the Council under the 1976 Act to confirm the adoption of the provisions of Part II of the Act as soon as is practicable. This is without prejudice to the adoption of the legislation by the Council's predecessor authorities.
- 3.3** Following the Strategic Licensing Committee's support for this approach, the Council resolved, at its meeting on the 17 July 2014, to adopt the provisions of Part II of the 1976 Act with effect from 27 October 2014. The Council also authorised and instructed the Head of Public Protection to undertake the prescribed steps, as set out in section 45 of the 1976 Act, to publish the Council's intention to adopt the legislation. These steps were correctly completed between 8 August 2014 and 12 September 2014.
- 3.4** An Equalities Impact Needs Assessment has not been undertaken as the report does not concern the implementation of a new policy; it is concerned with a legal matter that is clearly set out in domestic legislation.
- 3.5** There is no anticipated environmental impact associated with the recommendation in this report. The recommendation is not at variance with the Human Rights Act 1998 and is unlikely to result in any adverse Human Rights Act implications. The recommendation is in line with current legal procedures laid down in the 1976 Act.

4. Financial Implications

- 4.1** There are no financial implications beyond the costs that were required to publish the statutory notices in the local newspaper; this amounted to £252.00, together with the costs associated with serving a copy of the notice on all parish and community councils affected by the resolution. The notice was served, on the majority of councils by email, with the assistance of the Shropshire Association of Local Councils (SALC), and eight by first class letter post. Consequently, the costs in this respect were limited to those associated with officer time and a minimal amount of postage costs. The costs have been met from the Public Protection licensing and SALC budgets and are potentially recoverable through the licensing fee regime.

5. Background

- 5.1** Many of the legislative provisions relating to hackney carriage and private hire vehicle licensing are contained within Part II of the 1976 Act. This part of the Act is adoptive; consequently, if a local authority wishes Part II of the Act to apply in its area it must pass the appropriate resolution and follow the prescribed procedure set out in Section 45 of the Act.
- 5.2** The provisions of the 1976 Act can only be adopted in those areas where hackney carriage licensing applies under the Town Police Clauses Act 1847. Such licensing

was extended to all councils in England and Wales from the 1 January 1987 by virtue of the Transport Act 1985 (separate legislation applies to London).

5.3 Between 1978 and 1991, procedures were undertaken by Shropshire Council's five predecessor district/borough councils to adopt Part II of the 1976 Act. The adoption has continued in effect for the area of Shropshire Council by virtue of the unitary process that created the new council on 1 April 2009.

5.4 For the authority to confirm the adoption of the legislation the following must be undertaken:-

- the authority must pass a resolution specifically adopting the legislation in its area (there are definitions associated with the relevant area)
- the resolution must specify a date upon which the legislation will come into force and this date must be at least a month after the resolution is passed
- before passing the resolution, the authority must publish in a local newspaper, for two consecutive weeks, its intention to pass such a resolution
- before passing the resolution, the authority must serve a copy of the notice on each parish or community council that would be affected by the resolution before or, at the latest, on the same day that the notice is published in the local newspaper

5.5 In accordance with the procedure set out at paragraph 5.4 above and the resolution passed at the Council meeting held on the 17 July 2014, the Head of Public Protection published in the Shropshire Star on the 5 September 2014 and the 12 September 2014, being two consecutive weeks, its intention to pass a resolution to adopt Part II of the 1976 Act with effect from 27 October 2014. Prior to this, between the 8 August 2014 and the 2 September 2014, a copy of the said notice was served on each parish and town council (there being no community councils) and on each chairperson of parish meetings based within the Shropshire Council area. This totalled 165 parish/town councils and parish meetings.

6. Additional Information

6.1 The operative provisions of the 1976 Act are a Council function, delegated to the Strategic Licensing Committee; however, the actual adoption of the Act under Section 45 is a Council function as set out in Article 4.2 (b) of Part 2 of the Council's Constitution.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

- Local Government (Miscellaneous Provisions) Act 1976 – Part II, as amended.
- Report to the Council on the 17 July 2014 entitled ‘Adoption of Part II of the Local Government (Miscellaneous Provisions) Act 1976’.
- Copy of the statutory notice served on the parish and town councils and the chairperson of parish meetings, together with the relevant covering emails/letters, confirmation of receipt form and briefing note.
- Extracts from the Shropshire Star newspapers dated 5 September 2014 and 12 September 2014 confirming publication of the statutory notice on two consecutive weeks.
- List of parish and town councils and chairpersons of parish meetings on whom the statutory notice was served.
- Returned confirmation of receipt forms.

Cabinet Member (Portfolio Holder)

Councillor Steve Charmley

Local Member

Not applicable; the report has county wide application.

Appendices

None.



<u>Committee and date</u> Council
25 September 2014
10.00 am

<u>Item</u> 19
<u>Public</u>

Responsible Officer Claire Porter, Returning Officer
 Email: Claire.porter@shropshire.gov.uk Telephone: 01743 252763

REVIEW OF POLLING DISTRICTS, POLLING PLACES AND POLLING STATIONS 2014

1.0 Summary

- 1.1 This report details the findings of the Review of the Polling Districts, Polling Places and Polling Stations in the Parliamentary Constituencies in accordance with the Representation of the People Act 1983 (as amended by the Electoral Administration Act 2006).
- 1.2 The main purpose of the review is to ensure that all electors have such reasonable facilities for voting and that all polling stations are accessible to electors who are disabled. The guidelines also state that every parish should be in its own polling district and that every polling place should, where possible, be in its own polling district. Community buildings are becoming more difficult to find in some areas compared to previous years.

2.0 Recommendations

- 2.1 That members of Council approves the following changes which have been agreed with Ward Members, in order for them to be implemented on or by 1 December 2014. That delegated powers be given to the Returning Officer to find a suitable alternative, in conjunction with local members, should any polling station not be available for a particular election.

DIVISION	PROPOSED CHANGES
LIF Caynham (Knowbury ward)	It is recommended that Knowbury Village Hall replace Caynham Village Hall as the polling station for LIF Caynham (Knowbury Ward).
LOC Ludlow (Corve and Whitcliffe wards)	It is recommended that delegated powers be given to the Returning Officer to agree any polling stations for LOC Ludlow (Corve and Whitcliffe wards) in conjunction with local members.

<p>NQC Wem Rural (Wem Ward), NQD Wem (part of the East Ward), and NQE (part of East Ward)</p>	<p>It is recommended that polling stations be created for :</p> <p>(a) NQC Wem Rural (Wem Ward) for a single polling station</p> <p>(b) That NQD Wem (part of East Ward) and NQE (part of East Ward) form a single polling station</p>
<p>SAA Abbey and SAB Abbey</p>	<p>It is recommended that properties on Monkmoor Road, be moved from SAA Abbey - Robertsford Scout & Guide Hut polling station to SAB Abbey - Shropshire Wildlife Trust polling station.</p>
<p>SIA Copthorne and SIB Copthorne</p>	<p>It is recommended that a Poll Clerk position be reinstated to assist voters with accessing the parking facility at the polling station.</p>
<p>SMB Meole</p>	<p>It is recommended that a third polling station be created in Radbrook Community Centre to cover properties within SMB division, including Canonvale, Grange Road, Grangefields, Grangefields Road, Longden Road, Priory Drive, Priory Ridge and Roman Road.</p>
<p>SPA Porthill</p>	<p>It is recommended that an additional polling station be created in the Salvation Army Hall, Salters Lane, Belle Vue to cover properties within SPA division, including Londgen Road, Brewery Houses, Old Roman Road, Luciefelde Road, Red Barn Lane, Vane Road, Pengrove, Pengwern Court, and Kingsland Road.</p>
<p>WCP Boscobel and WCQ Donington</p>	<p>(a) It is recommended that no changes are made, and RAF Cosford Hive continue to be used as a polling station for the forthcoming General Parliamentary Election 2015.</p> <p>(b) That RAF Cosford Hive polling station be reviewed following the completion of the identified alternative venue within the Donington area.</p>

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 The Council is obliged to conduct a review of polling districts, polling places and polling stations on a regular basis and to undertake such Community Governance Reviews as are required to keep the electoral arrangements within its area up to date.
- 3.2 There is no anticipated environmental impact associated with the recommendations in the report.
- 3.3 The recommendation is not at variance with the Human Rights Act 1998 and is unlikely to result in any adverse Human Rights Act implications. The recommendations are in line with relevant legal procedures prescribed by the Act and with guidance issued by the Home Office.
- 3.4 Any amendments to the current polling districts, polling places and polling stations will take into account the provisions of the Equalities Act, Representation of People Act 1983 (as amended by the Electoral Administration Act 2006), and the Local Government and Public Involvement in Health Act 2007.
- 3.5 The Council must seek to ensure that all electors in a constituency in the local authority area have such reasonable facilities for voting as are practicable in the circumstances.
- 3.6 The Council must seek to ensure that so far as is reasonable and practicable every polling place for which it is responsible is accessible to electors who are disabled.

4. Financial Implications

- 4.1 Appendix 1 gives either decreased or increased costs where they have occurred based on the hire charges applied for the European Parliamentary Election held last May 2014. There will be a total increase of £825 per Parliamentary and Unitary election if all of the proposals are accepted, and total increase of £1165 per by-election for the affected wards. It should be remembered that hire charges for many of the existing polling station venues may increase next year.

5. Background

- 5.1 Every authority must complete a review of each polling district, polling place and polling station within its area every five years. On this occasion, it was considered best to commence the review immediately after the European Parliamentary Election in May 2014 as all polling stations were inspected on the day of the Election.

- 5.2 Council initiated the review on 27th February 2014 by giving public notice of its intention to conduct it and a consultation was held between 1st July and 5th August 2014.
- 5.3 Existing polling arrangements were assessed and the views of interested groups and individuals were invited. These included electors, political parties, Members of the Council, those organisations who cater for the specific needs of people with different disabilities and the Returning Officer for Telford and Wrekin Council.
- 5.4 Any comments, suggestions and requests received were explored and those found to be achievable and in the best interests of the electors affected are outlined in the recommendations given below.
- 5.5 Guidance issued by the Electoral Commission stipulates how reviews should be conducted in four stages. The first stage requires the Council to give public notice of its intention to conduct the review. The second requires the Council to review the existing polling arrangements to determine their suitability, or otherwise. The third stage requires the Council to consult widely. This includes local electors, interested groups and bodies, including political parties, elected Members and organisations experience in assessing the needs of people with disabilities. The final stage relates to the consideration of proposals for changes to polling district boundaries and polling places by the Council, as these can require alterations to be made to the electoral register.
- 5.6 It is planned that any changes resulting from the review would be incorporated into the annual review and published on 1 December 2014 in advance of the General Election the following May.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Section 18C(1) of the Representation of the People Act 1983.

Section 16 of the Electoral Administration Act 2006.

Electoral Commission Guidance on Review of Polling Districts and Places – 28 August 2013.

Cabinet Member

Councillor Mike Owen

Local Members

All

Appendices

Appendix 1 – Schedule of Proposals

APPENDIX 1**LUDLOW CONSTITUENCY****ALVERLEY AND CLAVERLEY****Existing Arrangements**

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LAA, LAD	Alveley, Romsley	Alveley Village Hall	1816	2
LAB	Claverley	Claverley Primary School	1368	1
LAC	Quatt Malvern	Quatt Village Hall	157	1

Returning Officer's Proposals

No changes proposed for Alveley, Romsley and Quatt Malvern polling places.

Claverley Primary School - The use of Claverley Primary School has been questioned by Philip Dunne MP, and requested that consideration be given to moving the polling station back to Claverley Village Hall. Officers conducted an assessment of the proposals, consulting with Councillor T Woodward, Ward Member, and concluded that the venue was unsuitable for use as a polling station due to the very steep drive, the lack of parking, narrow access road and pedestrian safety. It should be noted that no adverse comments have been received from Claverley Primary School or Claverley Parish Council.

As no further suggestions have been received, and in the absence of other suitable alternatives, it is recommended that Claverley Primary School continues to be used as a polling station.

BISHOPS CASTLE**Existing Arrangements**

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LBA, LBB, LBE, LBF	Bishops Castle, Colebatch, Lydham, Mainstone	Bishops Castle Public Hall	1620	1
LBC, LBD	Edgton, Lydbury North	Lydbury North Village Hall	447	1
LBG, LBH, LBI, LBJ, LBK	More, Myndtown, Norbury, Ratlinghope, Wentnor	Norbury Village Hall	570	1

Returning Officer's Proposals

No change.

BRIDGNORTH EAST AND ASTLEY ABBOTTS

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LCA	Astley Abbots	Astley Abbots Village Hall	364	1
LCB	Bridgnorth (part of East ward)	Bridgnorth Youth Club	620	1
LCC	Bridgnorth (part of East ward)	The Annexe, College House	1189	1
LCD	Bridgnorth (part of East ward)	Bridgnorth Community College	687	1
LCE	Bridgnorth (part of Morfe ward)	St. James Hall	2182	2
LCF	Bridgnorth (part of Morfe ward)	Quatford Village Hall	273	1

Returning Officer's Proposals

No change to Astley Abbots Village Hall, Bridgnorth Youth Club, The Annexe – College House, Bridgnorth Community College, and Quatford Village Hall.

St James Hall - Bridgnorth Town Council has requested consideration be given to using Low Town Community Hall as an alternative polling station for residents of Morfe Ward, as they considered it was more accessible to those electors.

Councillors W Parr and C Lea were consulted on the proposals. Both Ward Members considered that the existing polling station was more appropriate for a greater proportion of residents who are elderly, or have limited mobility, and stated that they would not support the proposals put forward by Bridgnorth Town Council.

No alternative proposals have been submitted by Bridgnorth Town Council.

As no further suggestions have been received, and in the absence of other suitable alternatives, it is recommended that St James Hall continues to be used as a polling station for Morfe Ward residents.

BRIDGNORTH WEST AND TASLEY

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LDA	Bridgnorth (part of Castle ward)	Oldbury Village Hall	291	1
LDB, LDC	Bridgnorth (part of Castle ward)	The Castle Hall	1884	2
LDD	Bridgnorth (West ward)	St. Leonards Hall Church	2506	2
LDE	Tasley	Tasley Village Hall	888	1

Returning Officer's Proposals

No change.

BROSELEY

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LEA, LEC	Broseley (East ward and Jackfield)	Birchmeadow Centre	933	1
LEB	Broseley (East ward)	Broseley Church Hall	1222	1
LED	Broseley (West ward)	Victoria Hall	1453	3

Returning Officer's Proposals

No changes.

BROWN CLEE

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LFA, LFC, LFN, LFO, LFQ	Acton Round, Aston Eyre, Monkmhopton, Morville, Upton Cressett	Moreville Village Hall	616	1
LFB, LFE, LFH, LFP	Aston Botterell, Burwarton, Cleobury North, Neenton	Cleobury North & District Village Hall	322	1
LFD, LFF	Chelmarsh	Chelmarsh Parish Hall	532	1
LFG, LFM, LFI	Chetton	Chetton Parish Hall	351	1
LFJ	Ditton Priors	Ditton Priors Village Hall	636	1
LFK, LFL	Eardington	Eardington & Astbury Village Hall	443	1

Returning Officer's Proposals

No changes.

CHIRBURY AND WORTHEN

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LGA, LGB, LGC	Brompton and Rhiston, Chirbury, Marton	Chirbury Parish Hall	520	1
LGD	Middleton	Priest Weston Village Hall	181	1
LGE	Worthen with Shelve (Heath Ward)	Snailbeach Village Hall	483	1
LGF	Worthen with Shele (Hope and Shelve Ward)	Hope Village Hall	448	1
LGG	Worthen with Shelve (Worthen Ward)	Worthen Village Hall	621	1

Returning Officer's Proposals

No change.

CHURCH STRETTON AND CRAVEN ARMS

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LHA, LHB	Church Stretton (All Stretton Ward) Church Stretton (North Ward)	Silvester Horne Institute	1924	2
LHC, LHD	Church Stretton (South Ward) Church Stretton (Little Stretton Ward)	Silvester House Institute	1845	2
LHE, LHF	Craven Arms (Halford and stokesay wards)	Craven Arms Community Centre	1930	1
LHG, LHI	Hopesay, Sibdon Carwood	Aston on Clun Village Hall	463	1
LHH	Onibury	Onibury Village Hall	234	1
LHJ	Wistanstow	Wistanstow Village Hall	575	1

Returning Officer's Proposals

No change.

CLEE

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LIA	Bitterley (Bitterley and Cleeton St. Mary ward)	Bitterley Village Hall	630	1
LIC, LID	Boraston, Burford	Burford Parish Hall	1189	1
LIB, LIE	Caynham (Clee ward)	Clee Hill Village Hall	707	1
LIF	Caynham (Knowbury ward)	Caynham Village Hall	449	1
LIG, LIH, LII, LIJ	Greete, Hope Bagot, Nash, Whitton	Nash Village Hal	493	1

Returning Officer's Proposals

No change to Bitterley Village Hall, Burford Parish Hall, Clee Hill Village Hall and Nash Village Hall.

Caynham Village Hall – This polling station has been deemed as no longer suitable due to the lack of parking facilities and there being no pavement on the approach for pedestrians on a busy road. Knowbury Village Hall has been identified as a suitable alternative. No adverse comments on the proposals have been received from Councillor R Huffer, Ward Member, or Caynham Parish Council.

There would be no staffing or financial implications resulting from the change.

RECOMMENDATION:

It recommended that Knowbury Village Hall replace Caynham Village Hall as the polling station for LIF Caynham (Knowbury Ward).

CLEOBURY MORTIMER

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LJA, LJF, LJH	Cleobury Mortimer, Milson, Need Sollars	Cleobury Mortimer Market Hall	2364	2
LJB	Coreley	Coreley Memorial Hall	279	1
LJC, LJK	Farlow, Wheathill	Farlow & Oretton Village Hall	478	1
LJD	Hopton Wafers	Hopton Wafers Village Hall	635	1
LJE	Kinlet	Kinlet Village Hall	777	1
LJG	Neen Savage	Neen Savage Parish Hall	262	1
LJI, LJJ	Sidbury, Stottesdon	Chorley Village Hall	578	1

Returning Officer's Proposals

No changes to Cleobury Mortimer Market Hall, Coreley Memorial Hall, Hopton Wafers Village Hall, Kinlet Village Hall, Neen Savage Parish Hall, and Chorley Village Hall.

Farlow and Oretton Village Hall – Wheathill Parish Council has requested consideration be given to electors from Wheathill Ward be moved to Cleobury North Village Hall as it was considered a more suitable location. Officers conducted an assessment of proposals and as there would be a requirement to site the polling station across a division boundary, it was concluded that it would not be practical or advisable due to the risk factors of cross contamination of ballot papers between the different divisions.

Ward Members from both divisions affected have been consulted over the proposals, and although Councillor M Shineton indicated that this would benefit a large proportion of electors due to better access roads, others would still find the existing provision more convenient. Councillor R Tindall indicated that he could not support the proposals. No other submissions or complaints have been received in respect of continued use of this polling station.

It is recommended that no changes are made, and the existing polling station remains in use for LJK Wheathill.

CLUN

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LKA	Bettws y Crwyn	Bettws y Crwyn Parish Hall	179	1
LKB, LKC, LKH	Bedstone, Bucknell, Hopton Castle	Bucknell Memorial Hall	678	1
LKD, LKK	Clun (Chapel Lawn ward), Stowe	Redlake Valley Village Hall	231	1
LKE	Clun (Clun ward)	Clun Memorial Hall	765	1
LKF	Clunbury	Clunbury Village Hall	425	1
LKG	Clungunford	Clungunford Parish Hall	247	1
LKI	Llanfairwaterdine	Everest Hall	168	1
LKJ	Newcastle on Clun	Newcastle Community Centre	249	1

Returning Officer's Proposals

No change.

CORVEDALE

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LLA, LLC, LLG	Abdon, Clee St Margaret, Heath	Clee St Margaret Village Hall	300	1
LLB, LLF, LLH	Action Scott, Eaton under Heywood, Hope Bowdler	Ticklerton Village Hall	397	1
LLD	Culmington	Culmington Village Hall	310	1
LLE	Diddlebury	Diddlebury Village Hall	507	1
LLI, LLM	Hopton Cangeford, Stoke St Milborough	Stoke St. Milborough Village Hall	299	1
LLJ	Munslow	Beambridge Club Room	282	1
LLK	Rushbury	Rushbury Village Hall	516	1
LLL	Stanton Lacy	Stanton Lacy Village Hall	287	1

Returning Officer's Proposals

No change.

HIGHLEY

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LMA	Highley	Severn Centre	1188	2
LMB	Highley	Severn Centre	1298	2

Returning Officer's Proposals

No change.

LUDLOW EAST

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LNA	Ludlow (Clee View Ward)	Ludlow Baptist Church	1107	2
LNC	Ludlow (Rockspring Ward)	Ludlow Baptist Church	865	2
LNB	Ludlow (Hayton ward)	St Peter's Parish Centre	1022	1

Returning Officer's Proposals

No change.

LUDLOW NORTH

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LOA	Bromfield	The Clive	204	1
LOB	Ludlow (Bringewood ward)	St Peters Parish Centre	824	1
LOC	Ludlow (Corve ward)	Ludlow Museum Resource Centre	880	2
LOD	Ludlow (Whitcliffe ward)	Ludlow Museum Resource Centre	944	2

Returning Officer's Proposals

No change to The Clive and St Peters Parish Centre.

Ludlow Museum Resource Centre – This polling station is no longer available due to the relocation of Council staff from Stone House, Ludlow. Officers have liaised with the Ward Member, Councillor Boddington and Philip Dunne MP over possible alternatives, and these are still being investigated. One possible venue identified was The Feathers Hotel but, on visiting, one of the rooms was found to be located on the first floor making access for the disabled very difficult. Other identified venues are still in the process of being investigated for suitability.

RECOMMENDATION:

It is recommended that delegated powers be given to the Returning Officer to agree in conjunction with local members, any polling stations for LOC Ludlow (Corve and Whitcliffe wards).

LUDLOW SOUTH

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LPA, LPB	Ashford Bowdler, Ashford Carbonell	Ashford Carbonell Village Hall	331	1
LPC, LPD	Ludford, Ludlow (Gallows Bank ward)	St John Ambulance Headquarters	2335	2
LPE	Richards Castle	Richard's Castle Village Hall	236	1

Returning Officer's Proposals

No change.

MUCH WENLOCK

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LQA	Barrow (Willey)	Willey & District Village Hall	118	1
LQB	Barrow (Barrow and Benthall)	The Victoria Hall	394	3
LQC	Broseley (Broseley Wood ward)	The Victoria Hall	237	3
LQD, LQG, LQH	Easthope, Shipton, Stanton Long	Shipton Village Hall	334	1
LQE	Much Wenlock	The Priory Hall	1178	2
LQF	Much Wenlock	The Priory Hall	1140	2

Returning Officer's Proposals

No changes.

WORFIELD

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
LRA, LRB, LRE	Badger, Beckbury, Ryton	Beckbury Village Hall	520	1
LRC	Kemberton	Kemberton Village Hall	188	1
LRD, LRH, LRI	Rudge, Worfield (Hobbins and North wards)	Worfield Village Hall	1701	1
LRF, LRG	Stockton, Sutton Maddocks	Norton Village Hall	464	1

Returning Officer's Proposals

No change.

NORTH SHROPSHIRE CONSTITUENCY

CHESWARDINE

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NAA	Cheswardine	Cheswardine Parish Hall	820	1
NAB	Childs Ercall	Childs Ercall Jubilee Hall	572	1
NAC	Hinstock	Hinstock Memorial Hall	876	1
NAD	Sutton upon Tern	Royal Irish Community Centre	702	1

Returning Officer's Proposals

No change.

ELLESMERE URBAN

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NBA	Ellesmere Urban	Ellesmere Town Hall	1660	2
NBB	Ellesmere Urban	Ellesmere Town Hall	1302	2

Returning Officer's Proposals

No change.

GOBOWEN, SELATTYN AND WESTON RHYN

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NLA	Gobowen (part)	The Cross Keys	338	1
NLB	Gobowen (part)	The Pavillion	1199	1
NLC	Gobowen (part)	Gobowen Church Hall	1636	1
NLD	Oswestry Rural (Rhydycroesau with Llanforda ward)	Rhydycroesau Village Hall	196	1
NLE	Weston Rhyn	Weston Rhyn Village Institute	2124	2

Returning Officer's Proposals

No change.

HODNET

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NCA	Hodnet	Hodnet Lyon Memorial Hall	1151	1
NCB, NCC	Stanton upon Hine Heath (High Hatton and Stanton ward)	Stanton Village Hall	421	1
NCD, NCE	Stoke upon Tern (Stoke Heath and Stoke upon Tern wards).	Stoke on Tern Parish Hall	950	1
NCF	Weston under Redcastle	Weston under Redcastle Village Hall	219	1

Returning Officer's Proposals

No change.

LLANYMYNECH

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NDA, NDB, NDC, NDB	Kinnerley (Argoed, Edgerley, Kynaston and Maesbrook wards)	Kinnerley Parish Hall	927	1
NDE	Knockin	Knockin Assembly Rooms	218	1
NDF	Llanyblodwel	Silver Band Hall	598	1
NDG	Llanymynech	Llanymynech Village Hall	421	1
NDH	Melverley	Melverley Village Hall	120	1
NDI	Pant	Pant Memorial Institute	922	1

Returning Officer's Proposals

No changes.

MARKET DRAYTON EAST

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NEA	Market Drayton (East ward)	Longlands Primary School	1064	2
NEB	Market Drayton (East ward)	Longlands Primary School	1097	2
NEC, NED	Norton-in-Hales (Betton and Norton-in-Hales wards)	Norton in Hales Jubilee Hall	461	1
NEE	Woore	Woore Victory Hall	1000	1

Returning Officer's Proposals

No change.

MARKET DRAYTON WEST

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NFA	Market Drayton (North)	Beacon Community Centre	1732	2
NFB, NFC	Market Drayton (North)	Beacon Community Centre	2412	2
NFD	Market Drayton (South)	Market Drayton Town Hall	1010	2
NFE	Market Drayton (South)	Market Drayton Town Hall	1314	2

Returning Officer's Proposals

No change.

OSWESTRY EAST

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NGA	Oswestry (Cabin Lane ward)	Eastern Oswestry Community Centre	2476	1
NGB	Oswestry (Cambrian ward)	Monkmoor Community Centre	1360	1
NGC	Oswestry (Gatacre ward – part)	Gatacre Pavilion	640	2

NGD	Oswestry (Gatacre ward – part)	Hope Church Oswestry	2362	2
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Returning Officer's Proposals

No change.

OSWESTRY SOUTH

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NHA	Oswestry (Castle Ward)	Oswestry Memorial Hall	799	2
NHC	Oswestry (Victoria Ward)	Oswestry Memorial Hall	1445	2
NHB	Oswestry (Castle Ward)	Horeb Welsh Methodist Rooms	871	1

Returning Officer's Proposals

No changes to Oswestry Memorial Hall.

Horeb Welsh Methodist Rooms have been identified as requiring ramp access to be used at election time. There may be financial implications if further portable ramps have to be purchased.

OSWESTRY WEST

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NIA, NIB	Oswestry (Maserfield ward)	Seion Chapel	1346	1
NIC	Oswestry (Maserfield ward)	Gatacre Pavillion	1404	2

Returning Officer's Proposals

No change.

PREES

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NJA	Adderley	Adderley Village Hall	277	1
NJB	Ightfield	Calverhall Village Hall	380	1

NJC	Moreton Say	Moreton Say Village Hall	338	1
NJD	Prees (Fauls ward)	Fauls Church Hall	347	1
NJE	Prees (Prees ward)	Prees Village Hall	1079	1
NJF	Prees (Higher Heath ward)	Higher Heath Village Hall	813	1

Returning Officer's Proposals

No change.

RYTON AND BASCHURCH

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NKA	Baschurch (Baschurch ward)	Millington Close Community Room	1489	1
NKB	Baschurch (Weston Lullingfields ward)	Weston Lullingfields Village Hall	359	1
NKC	Hordley	Hordley & Bagley Village Hall	214	1
NKD	Ryton-XI-Towns	Ryton-XI-Towns Memorial Hall	921	1

Returning Officer's Proposals

No change to Millington Close Community Room, Weston Lullingfields Village Hall, and Hordley & Bagley Village Hall.

Ryton-XI-Towns Memorial Hall - Comments have been received from the Presiding Officer over the suitability of Ryton-XI-Towns Memorial Hall as a polling station due to limited disabled access and unsuitable staff facilities. An assessment was undertaken of the proposed alternative venue, The Victoria Rooms, and although the venue would be suitable, there were issues with limited on street parking, and being sited on a steep access road which could cause issues for elderly and physically disabled voters.

Councillor N Bardsley has been consulted on the proposals and provided no adverse comments. The Parish Council and Oswestry & District Access Group are supporting the continued use of the current polling station. No other submissions or complaints have been received in respect of continued use of this polling station.

In the absence of other suitable alternatives, it is recommended that no changes are made, and Ryton-XI-Towns Memorial Hall continues to be used as a polling station.

SHAWBURY

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NMA	Clive	Clive Village Hall	428	1
NMB	Grinshill	Grinshill Village Hall	192	1
NMC	Hadnall	Hadnall Village Hall	527	1
NMD	Moreton Corbet and Lee Brockhurst (Lee Brockhurst)	Lee Brockhurst Village Hall	82	1
NME	Moreton Corbet and Lee Brockhurst (Moreton Corbet)	Preston Brockhurst Village Hall	147	1
NMF	Shawbury	Shawbury Village Hall	1129	2
NFG	Shawbury	Shawbury Village Hall	849	2

Returning Officer's Proposals

No change.

ST MARTINS

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NNA	St Martins	St Martins Centre	1124	2
NNB	St Martins	St Martins Centre	1131	2
NNC, NND	St Martins	Criftins Parish Hall	1141	1

Returning Officer's Proposals

No change.

ST OSWALD

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NOA	Oswestry Rural (Maesbury with Aston ward)	Maesbury WI Hut	577	1
NOB	Oswestry Rural (Morda with Sweeney ward)	Morda Village Hall	1535	1
NOC, NOD	Oswestry Rural	Trefonen Village Hall	1086	1

	(Trefonen with Treflach and Sychtyn wards)			
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Returning Officer's Proposals

No changes.

THE MERES

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NPA, NPB	Cockshutt cum Petton (Cockshutt and Petton wards)	Cockshutt Millennium Hall	574	1
NPC, NPD	Ellesmere Rural (Tetchill and Welsh Frankton wards)	Welsh Frankton Village Hall	613	1
NPE	Loppington	Loppington Village Hall	429	1
NPF, NPG	Myddle and Broughton (Broughton and Harmer Hill wards)	Harmer Hill Village Hall	481	1
NPH	Myddle and Broughton (Myddle ward)	Myddle Village Hall	551	1
NPI	Welshampton and Lyneal (Lyneal ward)	Lyneal Activity Centre	256	1
NPJ	Welshampton and Lyneal (Welshampton ward)	Welshampton Parish Hall	419	1

Returning Officer's Proposals

No change.

WEM

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NQA	Wem Rural (Edstaston ward)	Edstaston Village Hall	478	1
NQB	Wem Rural (Newtown ward)	Newtown CE Primary School	270	1
NQC, NQD	Wem Rural (Wem ward) and	Edinburgh House	1375	4

	Wem (part of East ward)			
NQE	Wem (part of East ward)	Edinburgh House	1327	4
NQF	Wem (part of West ward)	Edinburgh House	1141	4
NQG	Wem (part of West ward)	Edinburgh House	1111	4
NQH	Whixall	Whixall Social Centre	602	1

Returning Officer's Proposals

No change to Edstaston Village Hall and Whixall Social Centre.

Newtown CE Primary School – Wem Rural Parish Council requested consideration be given to the polling station for Wem Rural (Newtown Ward) be relocated to Edstaston Village Hall as it was not considered appropriate for the school to be closed for an election.

Officers conducted an assessment of proposals and liaised with Ward Members, Councillor C Mellings and Councillor P Dee to ascertain its viability. Councillor Mellings indicated that although the proposed venue could accommodate a double station, and understood the rationale of the Parish Council over the school closure, voters should be given the opportunity to vote within their own Ward. A proposal was made to provide a mobile unit to resolve the issue, however, this would incur a considerable cost and no suitable site had been identified. Councillor Dee indicated that she was not opposed to the proposal put forward by the Parish Council.

A further submission was received from Wem Rural Parish Council requesting that Edinburgh House be considered as an alternative polling station. Officers considered the proposals and concluded that the venue would not support an additional polling station. Councillor P Dee indicated that she would be supportive of the proposal if additional space could be identified. Councillor Mellings indicated, as previously, that voters should be given the opportunity to vote within their Ward, and that he did not support the proposal. It should be noted that no adverse comments have been received from Newtown Primary school, and no other submissions or complaints have been received in respect of continued use of this polling station.

It is recommended that no changes be made, and Newtown Primary School continues to be used as a polling station.

Edinburgh House – Councillor C Mellings raised concern over polling arrangements for NQC Wem Rural (Wem Ward) and NQD Wem (part of East Ward). Currently the identified wards are combined to form a single polling station, however, it would be more appropriate for Wem Rural to become a single polling station.

Following consideration of the proposal it was concluded it would be appropriate to create a separate polling station for NQC Wem Rural (Wem Ward), and NQD Wem (part of East Ward) and NQE (part of East Ward) form a single polling station, with an electorate of 2317. There would be no financial implications associated with the proposal.

RECOMMENDED:

- (a) That NQC Wem Rural (Wem Ward) for a single polling station
- (b) That NQD Wem (part of East Ward) and NQE (part of East Ward) form a single polling station

WHITCHURCH NORTH

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NRA	Whitchurch (part of North ward)	Whitchurch Market Hall	1159	6
NRB	Whitchurch (part of North ward)	Whitchurch Market Hall	1082	6
NRC	Whitchurch (part of West ward)	Whitchurch Market Hall	1514	6
NRD	Whitchurch (part of West ward)	Whitchurch Market Hall	1470	6

Returning Officer's Proposals

No change.

WHITCHURCH SOUTH

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NSA	Whitchurch (part of South ward)	Whitchurch Market Hall	984	6
NSB	Whitchurch (part of South ward)	Whitchurch Market Hall	1017	6
NSC	Whitchurch Rural (Ash ward)	Ash Village Hall	523	1
NSD	Whitchurch Rural (Tilstock ward)	Tilstock Bradbury Village Hall	588	1

Returning Officer's Proposals

No change.

WHITTINGTON

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
NTA	West Felton	West Felton Village Hall	1116	1
NTB	Whittington	Whittington Senior Citizens Hall	2009	2

Returning Officer's Proposals

No change.

SHREWSBURY AND ATCHAM CONSTITUENCY

ABBHEY

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SAA	Abbey	Robertsford Scout & Guide Hut	1348	1
SAB	Abbey	Shropshire Wildlife Trust	1384	1

Returning Officer's Proposals

RECOMMENDATION:

It is recommended that properties on Monkmoor Road, be moved from SAA Robertsford Scout & Guide Hut polling station to SAB Shropshire Wildlife Trust polling station.

BAGLEY

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SBA	Bagley	Bagley Sports & Social Club	2125	2
SBB	Bagley	Riversway Elim Church	1337	1

Returning Officer's Proposals

No change.

BATTLEFIELD

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SCA	Battlefield	Harlescott Social Club	1286	1
SCB	Battlefield	Shrewsbury Sports Village	1378	1

Returning Officer's Proposals

No change.

BAYSTON HILL, COLUMN AND SUTTON

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SDA	Bayston Hill	Bayston Hill Methodist Church Hall	1498	2
SDB	Bayston Hill	Bayston Hill Methodist Church Hall	1262	2
SDC	Column	St Giles Memorial Hall	2736	2
SDD	Sutton and Reabrook	Belle Vue Youth Club	1660	1
SDE	Sutton and Reabrook	Mereside Community Centre	1201	1

Returning Officer's Proposals

No change.

BELLE VUE

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SEA	Belle Vue	Salvation Army Hall	983	1
SEB	Belle Vue	Belle Vue Road Methodist Church	2279	2

Returning Officer's Proposals

No changes to Belle Vue Road Methodist Church polling station.

Salvation Army Hall - If recommendations are resolved in respect of SPB Porthill Division, the Salvation Army Hall will become a double station

BOWBROOK

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SFA	Bowbrook	Bicton Heath Community Centre	2897	2

Returning Officer's Proposals

No change.

BURNELL

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SGA, SGI, SGL, SGM	Acton Burnell, Frodesley, Pitchford, Ruckley, Langley	Pitchford Village Hall	438	1
SGB, SGK, SGJ	All Stretton, Leebotwood and Longnor	Leebotwood Village Hall	481	1
SGC	Cardington	Cardington Village Hall	348	1
SGD	Church Pulverbatch	Church Pulverbatch Village Hall	277	1
SGE	Condover (Condover ward)	Condover Village Hall	648	1
SGF, SGG, SGH	Condover (Dorrington, Ryton and Stapleton wards)	Dorrington Village Hall	846	1
SGN, SGO	Smethcott and Woostaston	Picklescott Village Hall	207	1

Returning Officer's Proposals

No change.

CASTLEFIELDS AND DITHERINGTON

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SHA	Castlefields and Ditherington	Castlefields Community Centre	1983	2
SHB	Castlefields and Ditherington	Ditherington Community Centre	974	1

Returning Officer's Proposals

No change.

COPTHORNE

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SIA	Copthorne	Woodfield County Infants School	911	2

SIB	Copthorne	Shropshire Education & Conference Centre	1640	1
SID	Copthorne	Rad Valley Road Scout & Guide HQ	477	2

Returning Officer's Proposals

No changes to Rad Valley Road Scout & Guide HQ polling station.

Woodfield County Infants School – If recommendations are resolved in respect of SPB Porthill Division, Woodfield County Infants School will be reduced to a single polling station.

Shropshire Education & Conference Centre – Car parking access issues have been raised by Councillor P Nutting, and a request was made to move SIA Copthorne and SIB Copthorne to Rad Valley Road Scout & Guild HQ. Officers assessed the submission and concluded that the proposed station could not support four polling stations. No further proposals have been received.

RECOMMENDATION:

It is recommended that a Poll Clerk position be reinstated to assist voters with accessing the parking facilities at the polling station.

HARLESCOTT

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SJA	Harlescott	Hope Church Centre	2414	2
SJB	Harlescott	Mount Pleasant Primary School	868	1

Returning Officer's Proposals

No change.

LONGDEN

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SKA	Ford	Ford Parish Hall	580	1
SKB	Great Hanwood	St Thomas' Church Extension	801	1
SKC, SKD	Longden (Longden ward), Longden (Hook-a-Gate ward)	The Swire Hall	992	1
SKE, SKF	Pontesbury (Cruckton ward), Pontesbury (Plealey ward)	Cruckton Village Hall	640	1

Returning Officer's Proposals

No changes.

LOTON

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SLA	Alberbury with Cardeston (Alberbury ward)	Alberbury Village Hall	259	1
SLB	Alberbury with Cardeston (Cardeston ward)	Wattlesborough Village Hall	449	1
SLC, SLD	Great Ness, Little Ness	Nesscliffe Village Hall	806	1
SLE	Montford	Montford Parish Hall	420	1
SLF	Westbury (Westbury ward)	Westbury Village Hall	657	1
SLG	Westbury (Yockleton ward)	Yockleton Village Hall	361	1

Returning Officer's Proposals

No change.

MEOLE

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SMA	Meole	The Meet Place	949	1
SMB	Meole	Meole Brace Peace Memorial Hall	2030	2

Returning Officer's Proposals

No changes to The Meet Place polling station.

Meole Brace Peace Memorial Hall – Councillor M Owen, Ward Member, raised concern over polling station arrangements for electors within the Longden Road area, indicating that following boundary changes electors are required to travel to Meole Brace Peace Memorial Hall. However, in reality they tend not to vote due to the distances involved.

Officers considered the concerns raised, and although no appropriate venues were identified within the division boundary, there was capacity to incorporate an additional polling station within Radbrook Community Centre, Calverton Way, which is currently utilised as a double station for electors in SRA Radbrook division.

The proposal would incur additional venue hire charges of £150, and staff costs of £310 for a by-election.

Following consultation with Councillor K Roberts, and with no adverse comments being received from the Town Council, it was concluded that the proposal would be acceptable.

RECOMMENDATION:

It is recommended that a third polling station be created in Radbrook Community Centre to cover properties within SMB division, including Canonvale, Grange Road, Grangefields, Grangefields Road, Longden Road, Priory Drive, Priory Ridge and Roman Road.

MONKMOOR

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SOA	Monkmoor	Belvidere Primary School	1417	1
SOB	Monkmoor	Crowmoor Primary School	1625	2

Returning Officer’s Proposals

No changes to Crowmoor Primary School polling station.

Belvidere Primary School – A submission was received from a local resident raising concerns over the day closure of a primary school. They indicated that many parents were unhappy with the closure of the school for elections and requested that alternative venues, including other school premises in the division be considered. No other submissions or complaints have been received in respect of the continued use of this polling station.

Officers assessed the concerns and liaised with Community Regeneration Officers to identify suitable alternative venues within Monkmoor division. Although several venues were identified, all were located in the west of the division, which would not be acceptable. Consultation was undertaken with Councillor P Moseley, who confirmed that she was reasonably happy with current polling station location. No adverse comments have been received from Shrewsbury Town Council or Belvidere Primary School over the continued use of the venue.

It is recommended that no changes are made to Belvidere Primary School polling station.

PORTHILL

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SPA	Porthill	Darwin Community Centre	1231	1
SPB	Porthill	Woodfield County Infants School	1994	2

Returning Officer’s Proposals

No change to Darwin Community Centre polling station.

Woodfield County Infants School – Councillor Mrs A Chebsey, Ward Member, raised concern over electors within the Longden Road area having to travel a significant distance to access a polling station.

Officers considered the concerns raised, and although no appropriate venues were identified within the division boundary, there was capacity to incorporate an additional polling station within the Salvation Army Hall, Salters Lane, Belle Vue, currently utilised as a single polling station for electors in SEA Belle Vue division.

The proposal would incur additional venue hire charges of £200, and staff costs of £310 for a by-election.

Following consultation with Councillor A Chebsey, Councillor K Roberts, and Councillor A Mosley, and with no adverse comments being received from Shrewsbury Town Council, it was concluded that the proposal would be acceptable.

RECOMMENDATION:

It is recommended that an additional polling station be created in the Salvation Army Hall, Salters Lane, Belle Vue to cover properties within SPA division, including Longden Road, Brewery Houses, Old Roman Road, Luciefelde Road, Red Barn Lane, Vane Road, Pengrove, Pengwern Court, and Kingsland Road.

QUARRY AND COTON HILL

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SQA	Quarry and Coton Hill	The Hive	1450	1
SQB	Quarry and Coton Hill	Castlefields Community Hall	435	1
SQC	Quarry and Coton Hill	Quaker Meeting House	867	1

Returning Officer's Proposals

No change.

RADBROOK

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SRA	Radbrook	Radbrook Community Centre	2051	2
SRB	Radbrook	Rad Valley Road Scout & Guide HQ	1191	2

Returning Officer's Proposals

No changes to Rad Valley Road Scout & Guide HQ.

Radbrook Community Centre – If recommendations are resolved in respect of SRA Meole Division, Radbrook Community Centre will become a triple station.

REA VALLEY

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SNA	Minsterley	Minsterley Parish Hall	1350	1
SNB, SNC, SND	Pontesbury (Asterley Habberley and Pontesbury wards)	Pontesbury Public Hall	1815	1

Returning Officer's Proposals

No change.

SEVERN VALLEY

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SSA	Atcham	The Malthouse	163	1
SSB	Berrington	The Chapel Community Centre	716	1
SSC	Buidwas	Buildwas Village Hall	231	1
SSD, SSH, SSI	Church Preen, Hughley, Kenley	Church Preen Village Hall	212	1
SSE	Cound	Cound Guildhall	355	1
SSF, SSG, SSK	Cressage, Harley, Sheinton	Cressage Village Hall	798	1
SSJ	Leighton and Eaton Constantine	Leighton Village Hall	376	1
SSL	Wroxeter and Uppington	Wroxeter & Uppington Cricket Club	277	1

Returning Officer's Proposals

No change.

SUNDORNE

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
STA, STB	Sundorne	The Lantern	2832	2
STC	Sundorne	Ditherington Community Centre	200	1

Returning Officer's Proposals

No change.

TERN

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SUA	Astley	Astley Village Hall	384	1
SUB	Bicton	Bicton Village Hall	838	1
SUC, SUD SUF, SUG	Bomere Heath (Albrighton, Bomere Heath, Leaton and Preston Gubbals wards)	Bomere Heath Village Hall	1391	1
SUE	Bomere Heath (Fitz ward)	Fitz Village Hall	234	1
SUH	Uffington	Uffington Village Hall	196	1
SUI	Upton Magna	Upton Magna Village Hall	223	1
SUJ	Withington	Withington Parish Hall	189	1

Returning Officer's Proposals

No change.

UNDERDALE

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
SVA	Underdale	St Peter's Church Hall	3109	2

Returning Officer's Proposals

No change.

TELFORD AND WREKIN CONSTITUENCY

ALBRIGHTON

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
WAE	Albrighton (North Ward)	The Red House	1149	3
WAF	Albrighton (South Ward)	The Red House	1139	3
WAF, WAG	Albrighton (South Ward) Boningle	The Red House	1156	3

Returning Officer's Proposals

No changes. The Returning Officer for Telford and Wrekin also does not propose any change.

SHIFNAL NORTH

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
WBA	Sheriffhales	Sheriffhales Village Hall	546	1
WBB	Shifnal (Idsall ward)	Shifnal Senior Social Club	2110	2
WBC	Shifnal (Rural ward)	Shifnal Town Football Club Social Club	696	1

Returning Officer's Proposals

No change. The Returning Officer for Telford and Wrekin also does not propose any change.

SHIFNAL SOUTH AND COSFORD

Existing Arrangements

Polling District	Polling Place	Polling Station	Electors	No. of Stations in Venue
WCP, WCQ	Boscobel, Donington	RAF Cosford Hive	954	1
WCR	Shifnal (Manor ward)	Shifnal Village Hall	2205	2
WCS	Tong	Tong Parish Hall	198	1

Returning Officer's Proposals

No change to Shifnal Village Hall and Tong Parish Hall.

RAF Cosford Hive – The use of RAF Cosford Hive has been questioned by Donington with Boscobel Parish Council, requesting that consideration be given to identifying a polling station within the immediate Donington area, however, no alternative was proposed.

Officers have been unable to identify a suitable alternative at the current time. Further consultation has been undertaken with the Parish Council and Councillor M Pate, but no alternatives have been provided. Officers have identified that a community venue is being developed within the Donington area and would be available within 12 months, and could be assessed for use as a polling station.

RECOMMENDATION:

- (c) It is recommended that no changes are made, and RAF Cosford Hive continue to be used as a polling station for the forthcoming General Parliamentary Election 2015.
- (d) That RAF Cosford Hive polling station be reviewed following the completion of the identified alternative venue within the Donington area.

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SHROPSHIRE AND WREKIN FIRE AND RESCUE AUTHORITY CHAIR'S REPORT OF THE ANNUAL MEETING HELD ON 9 JULY 2014

Election of Chair and Appointment of Vice-Chair

Councillor Stuart West has been re-elected Chair of the Fire Authority and Councillor David Minnery has been re-appointed Vice-Chair of the Fire Authority. Both will hold office until the Annual Meeting in July 2014.

Committee Composition and Allocation of Seats to Political Groups

The Fire Authority has agreed both the composition of its Committees and the allocation of seats on its committees to political groups.

Committee Membership and Constitution

The Fire Authority has agreed the appointment of Members to serve on its committees. The constitution of all the Fire Authority's Committees and Working Groups has been reviewed and agreed. In addition, the Fire Authority has appointed its Chair, Councillor Stuart West, as its representative on the Local Government Association Fire Services Commission.

Review of Scheme of Delegation to Officers and of Standing Orders

The Fire Authority has undertaken its annual review of the Scheme of Delegation to Officers and of its Standing Orders. Amendments have been made to these documents to reflect changes to both the Committee structure and the Brigade Manager structure.

In accordance with the Fire Authority's Standing Orders, the amendments agreed will stand adjourned until the next meeting of the Fire Authority in September 2014.

Statement of Accounts 2013/14

Closedown of the financial year 2013/14 is now complete, and the Fire Authority's Statement of Accounts is being audited by the External Auditor, Grant Thornton. The Treasurer, as responsible finance officer, has signed the Statement to certify that it presents a true and fair view of the Fire Authority's financial position.

There was a surplus on the Revenue Budget of £712,000 for 2013/14, which will be held in the General Fund. The Fire Authority has approved the transfer of £153,000 from the General Fund to its revenue budget to cover expenditure for 2013/14 projects that have slipped into 2014/15.

In previous years, the General Fund Balance has been allocated to Authority reserves to alleviate specific pressures. The Service will begin revenue budget reviews in the next few months in preparation for the 2015/16 budget setting process. These reviews will focus upon the way in which the Authority funds its commitments over the next few years and the best use of revenue and capital funds. The Fire Authority has tasked officers to present recommendations for the use of the General Fund balance to the September meeting of its Strategy and Resources Committee.

The Statement of Accounts and the Annual Governance Statement will be formally approved by the Audit and Performance Management Committee at its meeting in September 2014.

Strategic Planning Process 2015/16

The Fire Authority has agreed its Strategic Planning Process Timetable for 2015/16. The Process is built around a number of dependencies and milestones, which overlap into the three key areas of service, financial and improvement planning. The Timetable will ensure the production of the 2015/16 budget, the Financial Strategy 2015/20, Integrated Risk Management Plan 2015/20 and the publication, in April 2015, of the 2015/16 Service Plan.

Public Value Review Update

The Public Value Review was commissioned by the Fire Authority at the beginning of 2010 to assess and address the impact of both the recession and the coalition Government's austerity measures upon the Service. The Review identified a range of initiatives which, if successfully managed and implemented, would result in an incremental and controlled 25% reduction in the Fire Authority's budget over a four-year period (2011 to 2015).

The update report summarised the savings that had been achieved in Year 3 (2013/14) of the Public Value Review. With a forecast reduction for 2013/14 of £588,000, the Fire Authority managed to achieve an actual reduction of £538,000. The savings resulted from a number of initiatives, including the cessation of permanent crewing of the Rescue Tender and reductions in various posts across the Service.

The only area in which the predicted reduction was not achieved was in building maintenance, although the maintenance budget has been reduced considerably over the past few years and maintenance activities curtailed. As the Fire Authority is concerned that reduced maintenance will result in higher costs in the long term, it has introduced a 'Major Works Reserve' to assist in funding expensive, one-off maintenance works. It has also agreed to bring forward capital spend on retained station refurbishments.

Corporate Risk Management Annual Report

The Fire Authority has received its eighth Annual Corporate Risk Management Report, which informs Members about the corporate risk management work

undertaken during the previous twelve months, as well as summarising the risk environment, in which the Fire Service currently operates.

Details of Lives Saved and Those Protected from Harm

The Fire Authority has received a paper, highlighting the number of people, who have been protected from harm, or rescued by operational crews during the year 2013/14 and from April to June 2014. The total number of people for 2013/14 was 249 and for April to June 2014 was 45 people.

The report also attempted to provide an economic value for the rescue work carried out by the Fire Service. This is done by using available data on the age of casualties (persons whose lives the Service has saved), with an upper threshold of 80 years (average life expectancy in the population), and multiplying by a factor of £30,000 to give a value of lives saved. The figure of £30,000 is the threshold figure used by the NHS as an estimate to determine the financial benefit of carrying out treatment on hospital patients. The estimates are applied to the value of life for every additional year of "quality life" that the patient may enjoy as a result of the treatment. This figure can reasonably be adopted by the Service as its activity can guarantee an extended life beyond its operational intervention.

For the year 2013/14, the Service estimates that the cumulative total value of lives saved was £43,762,500 and the total cumulative figure for April to June 2014 is £6,975,000.

Partnership Working

The Fire Authority has received an overview of the partnership working undertaken by Shropshire Fire and Rescue Service.

The Service has developed several new partnerships, which primarily support its prevention activities, in particular, providing a means to target some of the most vulnerable members of the community. These include the placement of an officer within Telford & Wrekin Council to set up a data-sharing protocol, which will enable the passing of data sets, held by the Council, to the Service, and work with health visitor groups relating to referral forms, used by health visitors and community midwives.

The Service continues to support existing partnerships. Of particular interest is the Fire Emergency Support Service (FESS) vehicle partnership with the British Red Cross. The FESS, which is staffed by volunteers, provides support to victims of fire and other emergencies, either whilst fire crews are still on scene or when they have left. This partnership has been recognised as an example of best practice within the West Mercia region.



Stuart West
Chair

Shropshire and Wrekin Fire and Rescue Authority

July 2014

Background Papers

Agenda Papers for the meeting of Shropshire and Wrekin Fire and Rescue Authority held on 9 July 2014

The agendas and reports (with the exception of exempt or confidential items) for all Fire Authority meetings and those of its Committees appear on the Brigade's website:

<http://www.shropshirefire.gov.uk>

To access reports go to the Fire Service's website and follow the steps below.

- Click on the 'Managing the Service' icon at the bottom of page
- Click on the 'Fire Authority' icon
- Click on 'Meetings' in the list on the right hand side of the screen
- Click on '9 July 2014' and the various reports and appendices will be listed

If you have any difficulty with the website, please contact Lynn Ince, Executive Support Officer, on 01743 260225.