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Solihull Metropolitan Borough Council
Accounting Statement
2015/16

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Narrative Report

Message from the Director of Resources and Deputy Chief Executive

Welcome to Solihull Metropolitan Borough Council's Statement of Accounts for the financial year 2015/16. These accounts set out, in accordance with approved guidelines, the financial results of the Council's activities for the year ended 31 March 2016.

The financial statements demonstrate that the Council remains in a sound financial position.

The Financial Operations division has established a reputation for good financial management which is reflected not only in the timely and accurate production of the Council's accounts, but in our three-year strategic budgeting approach and our provision of support to front line services and major projects. The division was restructured during the course of 2015/16 in order to reflect changes to the Council's structure and improve the financial support provided to those areas of the Council which are engaged in commercial activity. Looking ahead, the division will continue on its journey towards its vision of being "a trusted source for high quality professional financial services".

In a change to reporting requirements for 2015/16, this Narrative Report replaces the Explanatory Foreword and provides some contextual information about Solihull, including the key issues affecting the Council's financial position, in order to assist in the interpretation of the financial statements.

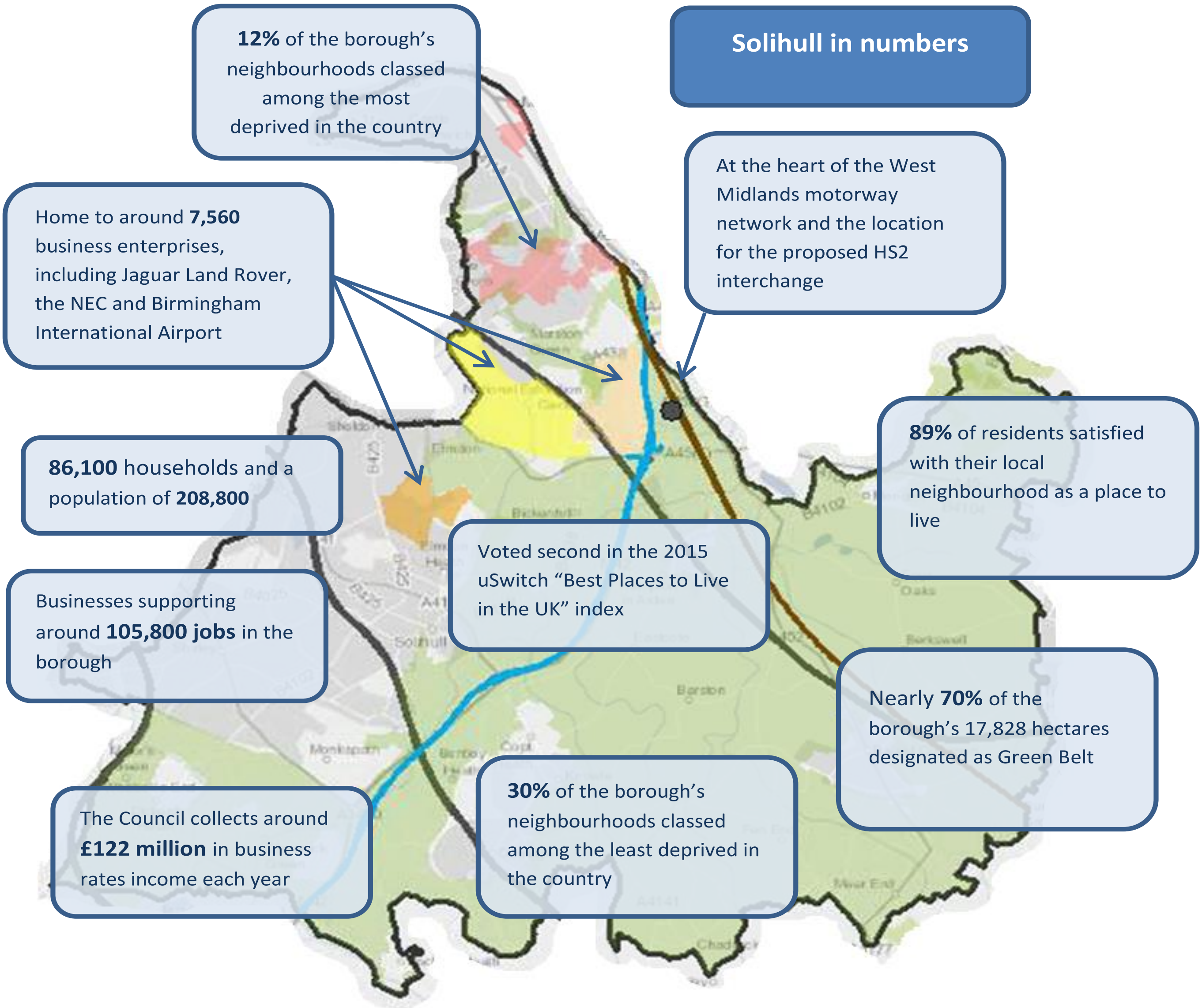
Introduction to Solihull

The borough

Solihull is a broadly affluent borough, characterised by above-average levels of income, employment and home ownership, and with nearly 70% of the borough's 17,828 hectares designated as Green Belt.

However, the borough is challenged by a prosperity gap. National deprivation statistics suggest Solihull is the most polarised authority in the country, with 12% of the borough's neighbourhoods classed among the most deprived in the country and 30% among the least deprived. The impacts of this are felt across a broad range of outcomes including educational attainment, employment, crime and health.

The living environment, with a mix of urban and rural communities, key strategic sites and transport infrastructure, and large amounts of green space, is one of Solihull's key strengths, as evidenced by high levels of resident satisfaction with the area. Over 89% of respondents to the 2014 Solihull Place Survey said they were satisfied with their local neighbourhood as a place to live, ranging from 94% in rural wards to 76% in the three North Solihull regeneration wards. In uSwitch's Best Places to Live in the UK Quality of Life Index, which compared over 130 UK regions and cities across a wide range of factors, Solihull rated very highly – second only to overall winner Edinburgh in 2015.



There were an estimated 86,100 households in Solihull at the 2011 Census, with single households accounting for 26% of the total, compared with 29% in the West Midlands and 30% in England. According to the Office for National Statistics the number of households in Solihull is projected to reach 100,000 by 2033, with sharp and above average increases in the number of single person households (which are projected to represent 37% of the total in 2033).

Solihull is in the midst of dynamic and rapid socio-demographic change. The Black and Asian Minority Ethnic (BAME) population has more than doubled since the 2001 Census and now represents nearly 11% of the total population. On this basis the borough is less diverse than England as a whole (and significantly less so than neighbouring Birmingham), but with BAME groups representing a relatively higher proportion of young people in Solihull (over 17% of those aged 15 and under) this representation is set to increase.

The second significant demographic change is Solihull's ageing population. There are now 9,100 more residents aged 65 to 84 years and 3,400 more aged 85 years and over than there were 20 years ago. Population projections indicate the relative ageing of the Solihull population will continue and by 2026 an estimated 52,200 people aged 65 and over will live in the borough (23%), with those aged 85+ numbering 9,300 (4%). The growth in the numbers of those aged 85 and over represents a significant and growing challenge in terms of health and social care.

Lying at the heart of the West Midlands motorway network, with excellent public transport connections with the Birmingham city conurbation and linked to European and global markets by Birmingham International Airport, Solihull has significant geographic and infrastructure advantages. Economically, this supports a strong service sector economy with Solihull town centre and key regional strategic assets (the NEC complex, Jaguar Land Rover, Birmingham International Airport and the Birmingham & Blythe Valley Business Parks) primarily responsible for drawing in around 85,000 workers to the borough on a daily basis. This unique concentration of strategic economic assets give Solihull a critical role in the regional economy – with analysis demonstrating that for every job these assets support in Solihull, there is another one in the wider West Midlands.

Solihull is home to around 7,560 business enterprises, with 105,800 jobs in the borough. In 2013, Solihull's economic output (GVA) per head was 6% higher than the England average, with the borough ranked 21st out of 99 local economic areas in the country. The strength of the Solihull economy is also reflected in an above average job density; in 2014 there were 504 jobs per 1,000 residents, compared to the England average of 463. The strength of the local economy is supported by Solihull's success in attracting businesses operating in high value-added, knowledge-intensive sectors – particularly business and financial services, ICT, construction and automotive manufacturing.

With estimated public expenditure of £1.81 billion and generated tax receipts of £2.23 billion Solihull makes a positive net contribution to UK public finances of around £420 million or £2,034 per head (compared to the West Midlands deficit of £1,483 per head). On this basis Solihull is, after Warwickshire, the major net contributor to public finances in the region (on a total and per capita basis).

The Council

The Council is one of 36 metropolitan district councils, on the fringe of the West Midlands conurbation but with a distinct identity and strong rural roots, as characterised by the motto "Urbs in Rure". A unitary authority since 1986, the Council is led by a Conservative administration which holds 32 out of the 51 seats. The borough covers two parliamentary wards, Solihull and Meriden.

The Council employs nearly 4,500 full time equivalent staff, approximately half of whom work in the borough's schools (excluding academies), organised into five directorates – Adult Social Care, Children's Services and Skills, Managed Growth, Public Health and Resources – under the management of the Corporate Leadership Team. One of the Council's strengths is the positive working relationships between officers and elected members, which facilitates effective decision making and strong leadership.

Solihull is a member of the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), which was created to increase economic output, create jobs and stimulate growth and investment across the sub-region. The authority is also part of a business rates pool with other LEP members, an arrangement which removes the Council's liability to pay a levy to central government while generating income for the benefit of the LEP area.

Solihull is also a constituent member, together with the other six West Midlands metropolitan districts, of the proposed West Midlands Combined Authority (WMCA). The devolution agreement for the proposed WMCA, which was agreed with the Chancellor in November 2015, will see the government make an annual contribution worth £36.5 million for 30 years to support an overall investment package that will unlock £8 billion and create up to half a million jobs.

In recent years the Council has demonstrated its ability to rise to the challenges presented by steep reductions in government funding and sustained and growing demand for our services, through managing demand, maximising locally generated income and reducing costs. The 2015/16 budget included £14.821 million of savings plans, identified through the cross-party Budget Strategy Group and managed by an officer-led delivery board.

Operating Environment

Economic climate

The joint Spending Review and Autumn Statement, published in November 2015, notes that the UK's economic recovery is well established. Since 2010, on average, the UK has been the joint fastest growing economy in the G7 and the labour market has performed well, although UK productivity continues to lag behind other major economies.

The strength and stability of the global economic recovery is key to UK economic prospects. The global economic recovery remains uneven, with weakness driven by the slowdown in emerging markets such as China. In 2015 the global economy is forecast to record its lowest growth rate since 2009. The IMF October World Economic Outlook (WEO) forecasts global growth to weaken to 3.1% in 2015, from 3.4% in 2014.

The deficit has been reduced by almost two thirds as a share of GDP since its peak in 2009/10, although it remains one of the highest among advanced economies. As a share of GDP, the Office for Budget Responsibility (OBR) forecasts that the deficit will be cut by three quarters in 2016/17 from its peak and eliminated altogether in 2019/20.

Compared to Summer Budget 2015, the Office for Budget Responsibility now forecasts higher tax receipts and lower debt interest, with a £27 billion improvement in the public finances. The OBR now forecasts GDP growth of 2.4% in 2015, 2.4% in 2016 and 2.5% in 2017.

The Spending Review identifies net savings to departmental resource spending of £12 billion by 2019/20. This is made up of £21.5 billion of savings from unprotected departments, of which £9.5 billion will be reinvested in the government's priorities. The element of departmental resource spending that relates to local government will be cut by £6.1 billion by 2019/20. This has a significant impact on the Council's financial position which is considered in more detail in the sections below.

Local government funding

Local government is funded from three main sources, council tax, a share of business rates income and revenue support grant.

Solihull froze its element of the council tax charge in 2015/16, for the fifth successive year (at £1,173.72 for a Band D property) but council tax income continues to be the most significant funding source for the authority, comprising 51% of the total for 2015/16.

2015/16 was the third year of the business rates retention scheme, which allows local authorities to retain a proportion of the growth in their business rates income. With its strong business rates base and focus on managed growth, the Council has benefited from the introduction of the scheme. However, the scheme has transferred significant risk to local authorities; in particular backdated appeals have had a significant effect on the Collection Fund. Looking ahead, the government has confirmed its intention to allow local government to keep 100% of business rate receipts, while phasing out revenue support grant entirely. The 2015 spending review also announced other key changes to local government finance, including revisions to the New Homes Bonus scheme and changes to education funding, details of which have yet to be published.

The 2016/17 finance settlement represents a significant change to the way in which government funding is distributed between councils, which will lead to particularly large reductions in revenue support grant for Solihull. However, the settlement included the publication of indicative funding figures up to and including 2019/20, which provides local authorities with a welcome degree of certainty for financial planning for future years. The Council has reflected these provisional allocations in its updated MTFS.

In addition to the above the Council received specific funding in relation to a number of service areas in 2015/16, the details of which can be found in Note 36 - Grant Income.

Review of 2015/16

Revenue Outturn

The Council's budget for 2015/16 was £169.615 million, excluding schools which are directly funded by the Dedicated Schools Grant (DSG) from central government. The budget was approved on 26 February 2015, with net planned expenditure on services and corporate commitments increasing by £13.7 million over the 2014/15 base budget. Of this amount, £7.3 million related to corporate commitments and new arrangements, £2.7 million related to service pressures and £3.7 million to inflation.

This increase in expenditure was offset by efficiency savings totalling (£13.3 million) and funding from reserves, working balances and contingencies totalling (£0.6 million). There was an overall decrease in the net budget of £0.2 million compared to 2014/15.

The Council adopts a cash limited approach to its budget with Cabinet Members and Corporate Directors being responsible for ensuring services are delivered within budget, whilst allowing flexibility within the overall cash limit to transfer money from one budget head to another to meet changing demands. This process is supported by a series of delegations overseen by the Leader of the Council.

The final position on the General Fund for the year, after the approval of the reserves and future year commitments results in the Council being (£0.3) million ahead of the financial position reported in the latest MTFS for 2016/17 to 2018/19. In the outturn report presented to Full Cabinet on 16 June 2016, members were asked to approve that this amount is contributed towards the Budget Strategy Reserve in order to provide further financial resilience for future years planning.

A breakdown of the outturn compared to budget, across service expenditure and funding sources, is shown in the table below. This is as reported to the Full Cabinet on 16 June 2016.

Cabinet Portfolio	**Latest Budget £000**	**Outturn £000**	**Contributions to reserves and future year commitments amounts £000**	**Variance £000**
Education, Skills and Culture (Excluding Non- Delegated Dedicated Schools Grant (DSG))	5,165	5,764	0	599
Environment, Housing and Regeneration	13,925	14,224	0	299
Health and Wellbeing	81,338	80,782	107	(449)
Managed Growth	2,290	2,170	0	(120)
Stronger Communities and Partnerships	5,730	5,344	0	(386)
Transport and Highways	5,921	5,623	355	57
Leader, Resources and Delivering Value	22,850	19,326	3,224	(300)
Sub Total for Cabinet portfolios	**137,219**	**133,233**	**3,686**	**(300)**
Levies	35,957	35,957	0	0
Contribution from Contingency	760	760	0	0
Use of Council Working Balances	(5,454)	(4,072)	0	1,382
Contribution from Services to replenish Working Balances (temporary funding of advance payment of Local Government Superannuation)	0	(1,382)	0	(1,382)
Total Council (excluding DSG)	**168,482**	**164,496**	**3,686**	**(300)**

Cabinet Portfolio	Latest Budget £000	Outturn £000	Contributions to reserves and future year commitments amounts £000	Variance £000
Education Skills and Culture - Non Delegated Dedicated Schools Grant (DSG)	1,133	(670)	0	(1,803)
Total Council budget (including DSG)	**169,615**	**163,826**	**3,686**	**(2,103)**

Funded by:	Latest Budget £000	Outturn £000
Income from local tax payers	(85,100)	(85,100)
Income from retained business rates	(57,625)	(57,625)
Income from revenue support grant	(27,377)	(27,377)
Collection Fund (surplus)/deficit	487	487
Total funding	**(169,615)**	**(169,615)**

Note 32 in the Accounting Statement provides a breakdown of the total income and expenditure by cabinet portfolio. However there are some differences between what is reported in the Full Cabinet report and Note 32. The table below reconciles the two in order to demonstrate how the Accounting Statement links to the Final Accounts position reported to Full Cabinet and to the approved budget for the year.

	£000
Sub-total for cabinet portfolios	133,233
Non-delegated DSG outturn position	(670)
Total expenditure as per the amounts reported for resource allocation decisions in Note 32	**132,563**
Levies	35,957
Contributions from contingencies and working balances	(4,694)
Contributions to reserves and future year commitments - approval sought from Full Cabinet on 16 June	3,686
DSG carry forward of the 2015/16 underspend into 2016/17	1,803
Revised total expenditure	**169,315**
Total approved budget	**169,615**
Contribution to Budget Strategy Reserve as a result of the 2015/16 final accounts	**(300)**

As shown in the table on the previous page, the net position after the use of working balances was a favourable variance of (£0.3m), which it was proposed to contribute to the Budget Strategy Reserve. The Budget Strategy Reserve is used by the Council as part of its three-year budgeting approach to smooth the impact of changes to assumptions in the medium term financial strategy (MTFS).

Capital Outturn

Capital spending is expenditure on non-current assets that have a life expectancy of more than one year and, therefore, have the potential to benefit not just current but future taxpayers within the borough. The assets are usually funded over a longer period than one year, either from borrowing, grants or from reserves built up over a period of time.

The total spending on the capital programme for 2015/16, including the Housing Revenue Account (HRA), was £53.611m compared with a revised budget of £59.913m, giving a net variance in year of (£6.302m). Re-phasing of £5.880m will be added into the capital programme for 2016/17.

A summary of the Council's internal and external sources of funds available to meet its capital expenditure and other financial commitments including Private Finance Initiatives (PFI) / Public-Private Partnership (PPP) schemes is included in Note 39.

The disposal of assets resulted in total gross capital receipts for the Council during the year of £6.468m. These included the disposal of Chelmunds Cross Medical Centre for £0.450m and HRA right to buy properties totalling £4.386m, and further redemption of preference shares in the Coventry and Solihull Waste Disposal Company which resulted in a capital receipt of £1.475m.

Financial Position

Net assets

The Council is in a robust financial position at the end of 2015/16 and continues to maintain a strong balance sheet, as summarised in the table below. Further details are shown in the Balance Sheet on page 26.

	At 31 March 2015 £000	At 31 March 2016 £000
Long term assets	968,842	958,552
Current assets less current liabilities	(6,595)	2,053
Long term liabilities	(568,846)	(548,603)
Net assets	393,401	412,002
Represented by usable reserves	(80,933)	(90,459)
Represented by unusable reserves	(312,468)	(321,543)

Adequacy of reserves

The Council holds working balances and a Budget Strategy Reserve to meet unforeseen spending requirements and to provide certainty for medium term financial planning. The level of working balances takes into account the strategic, operational and financial risks facing the Council and is reviewed each year as part of the budget process. Current projections maintain working balances at £6.0m, as recommended by the Director of Resources and Deputy Chief Executive. The Budget Strategy Reserve was established as part of the 2015/16 budget process and is specifically intended to meet budget risks to enable a continued focus on three-year budget planning.

Cash flows

The Cash Flow Statement, on page 28, shows how the movement in resources has been reflected in cash flows. During 2015/16, net cash and cash equivalents increased by £2.864m to £8.344m (£5.480m in 2014/15), as shown in the table below.

	At 31 March 2015 £000	At 31 March 2016 £000
Opening cash and cash equivalents	(2,067)	(5,480)
Movement during the year	(3,413)	(2,864)
Closing cash and cash equivalents	(5,480)	(8,344)

Comprising:

Cash and cash equivalents	3,457	6,866
Overdraft	(8,937)	(15,210)

Pension liabilities

There is currently a net deficit attributable to the Council on the West Midlands Pension Fund. This is reviewed periodically by the Fund Actuary (Barnett Waddingham). Steps have been taken to address this deficit within the medium and long term financial strategy of the Council.

In April 2014 the Council made an advance pension payment to the West Midlands Pension Fund of £17.217m covering the financial years 2014/15 to 2016/17, in order to save £1.222m in pension contributions over this period. The Full Cabinet agreed on 10 April 2014 to fund the payments relating to 2015/16 and 2016/17 from reserves, to be repaid from the Council budgets for pension payments in those two years.

As a result of this payment, the 2015/16 Accounting Statement reflects the use of £6.140m of reserves and working balances to fund the costs that relate to the 2016/17 financial year. The Accounting Statement refers to this in a number of places as it affects some of the core statements and disclosure notes throughout the accounts.

Please refer to Note 43 for further details.

Treasury management and borrowing strategy

The Council's Treasury Management Strategy sets out the Council's objectives in relation to the management of the Council's cash flow in order to ensure it is available when needed, and to manage borrowing and investments in support of the Council's longer term capital plans.

The Council is currently maintaining an under-borrowed position, which means that the capital financing requirement has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cashflow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Council Plan and notable service developments

The Council Plan sets out our four priorities under the overarching vision of Solihull as a borough where everyone has an equal chance to be healthier, happier, safer and prosperous:
- Improve health and wellbeing
- Build stronger communities
- Managed growth
- Deliver value.

The table below provides some examples of milestones reached in 2015/16. More information on the Council's priorities and the updated Council Plan is available from our website at www.solihull.gov.uk.

Progress against Council Plan priorities			
Improve health and wellbeing	**Build stronger communities**	**Managed growth**	**Deliver value**
Opened 2nd Information and Advice Hub to support prevention and early intervention activity	225 additional affordable homes provided over 12 months	1,934 jobs attracted/ safeguarded through Business Investment	Delivered £14.8m of savings in 2015/16
Helped 331 people into work	Invested in roll out of superfast broadband, towards target of 95.8% coverage by April 2019	"Most business friendly council" award from the Federation of Small Businesses in 2015	£2.3m refurbishment of central library and arts complex, rebranded as The Core
Exceeded target of having 6,000 "dementia friends" in Solihull by March 2016	Completion of £2.3m Solihull Gateway project, making Solihull town centre more accessible and convenient	Published Green Prospectus setting out plans for achieving a low carbon Solihull	Signed the WMCA devolution agreement with government

Devolution

As shown in the table above, Solihull is one of the constituent authorities of the proposed West Midlands Combined Authority, which began its journey in 2015/16 with the agreement of a devolution deal with central government. This journey will continue in 2016/17 with public consultation on the proposals for the WMCA, to be led by an elected mayor.

Academisation

During 2015/16 Lyndon School converted to Academy status. This change resulted in the need to revalue the land remaining in Council ownership relating to this school, and to remove the school building from the Balance Sheet. The transfer of the school building resulted in a loss on disposal of £14.516m being recognised in the Comprehensive Income and Expenditure Statement (CI&ES). The land was revalued downwards by £3.753m resulting in a charge against the Children's and Education services line in the CI&ES.

Currently, for 2016/17, there are four schools in the process of converting to academies: Damson Wood Infant School, Streetsbrook Infant & Nursery School, Cranmore Infant School and Smith's Wood Sports College. The associated land will be revalued down, and the buildings will be transferred, resulting in a reduction in value of approximately £45m in 2016/17.

Corporate Scorecard

Performance against a selection of key corporate indicators is reported monthly to the Corporate Leadership Team. Of the 31 indicators for which targets were set, 58% were classed as “green” or on target as at March 2016. An extract from the Corporate Scorecard is shown in the table below, with comparator results for 2014/15 where applicable.

Description of performance indicator	**2014/15 Indicator**	**RAG**	**2015/16 Indicator**	**RAG**	**Direction of travel**
16 to 19 year olds (School Years 12 to 14) who are not in education, employment or training (NEET)	5.3%	G	4.2%	G	Improved
Proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into reablement/rehabilitation services (excluding deceased persons)	83.3%	G	85.2%	A	Improved (but target higher)
% of Child Protection Cases allocated to a qualified Social Worker (snapshot)	98.6%	R	100.0%	G	Improved
Solihull Youth Claimant Unemployment Rate	3.9%	G	1.7%	G	Improved
Environmental Customer Satisfaction Survey Feedback	95.4%	G	95.9%	G	Improved
Average number of Missed Refuse Collections each week	26	G	20	G	Improved
Carriageway Defects Repaired Within 24 Hours	100.0%	G	100.0%	G	Maintained
Number of homeless people in temporary accommodation	90	-	65	-	Improved
Sickness Measure: Core Council - Average time lost (Days) per employee for the previous 12 months	10.21	R	10.31	R	Declined
Time taken to process Housing Benefit/Council Tax Reduction new claims and change events	5	G	5	G	Maintained

Outlook for future years

Medium term financial strategy (MTFS)

Historically low levels of funding have required the Council to adopt innovative approaches to improving efficiency. Our strategic three year budgeting approach supports the annual agreement and ongoing delivery of an affordable financial strategy. As part of the annual budget process, members approve savings proposals and indicative budgets for future years which provide a firm foundation on which to develop detailed service delivery plans. Despite the challenging climate for local government, Solihull is in a resilient financial position, with a balanced budget and sufficient reserves to manage the anticipated budget risks over the medium term.

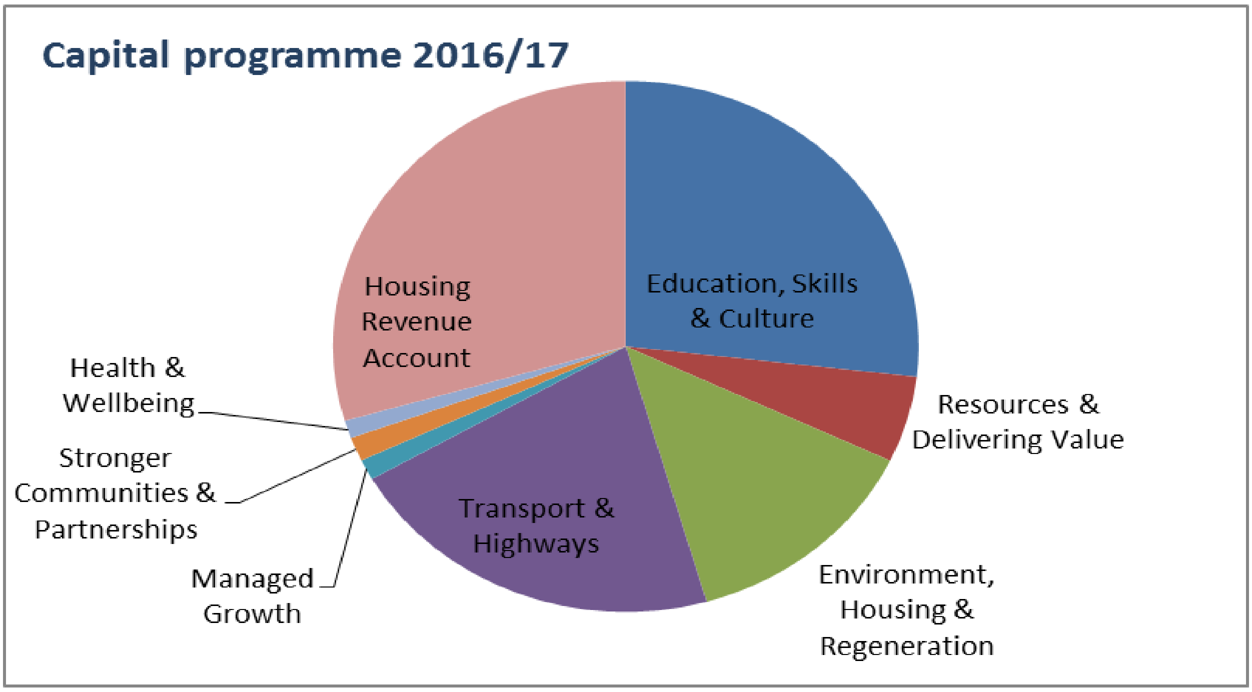
The MTFS reflects the estimated additional business rates income that would be generated from anticipated new developments in the borough over the period to 2018/19. These include growth related to the borough's largest commercial organisations, as well as developments associated with the Council's regeneration activity in the north of the borough and in Shirley. At this stage considerable uncertainty remains around the government's proposals to replace revenue support grant with a system of full rates retention, but the Council looks forward to contributing to the debate on which responsibilities might be transferred to local authorities and how funding could be redistributed between areas of high and low need as part of this radical reshaping of local government finance. The issue of business rate appeals will be particularly important to local government given the impact on the volatility of income projections across the sector, and this remains a key risk for the Council in the medium term.

The borough has a relatively high proportion of properties in the higher council tax bands and, as a result, council tax remains the most significant source of income for Solihull. Income from council tax continues to rise, thanks to sustained growth in the tax base, and further growth is forecast in line with strategic housing requirements. In addition, the Council chose to increase council tax by 2.99% in 2016/17. This was lower than government expectations of inflationary increases in council tax and following the introduction of the adult social care precept. The MTFS assumes that council tax will increase by a maximum of 3.99% per annum, including the adult social care precept of 2.0%, from 2017/18. The Council also receives New Homes Bonus funding from central government for each new property that is built. However, consultation proposals on the future design of the New Homes Bonus, published alongside the financial settlement, made it clear that future levels of funding through the scheme are likely to be much reduced.

Solihull is using its policies, strategies and service models with the intention of eliminating what is classed as "avoidable demand". Avoidable demand for our services is caused by either not doing something or not doing something right first time for the customer. By reducing avoidable demand the authority can concentrate on prevention and early help measures to ensure that the contact that we have with our customers is at the right time, for the right level of service in the future. This is particularly relevant in social care. The Council has a shared commitment ("Solihull – Together for Better Lives") with the NHS to improve the coordination of health and care services in the borough. The initial focus of this joint working, which is being delivered through the Integrated Care and Support Solihull (ICASS) programme and partly funded through the Better Care Fund, is aimed at Solihull's ageing population.

Capital programme

The capital programme represents the Council's plans for spending on non-current assets across the different service areas. Planned expenditure in the programme for 2016/17 totals £60.172 million (subject to Full Cabinet approval of rephasing in June 2016), divided between cabinet portfolios as shown in the chart below.



Significant items within the capital programme for 2016/17 include £7 million for the North Solihull schools programme, £5 million for the development of Chelmund's Cross village centre, £2 million for Disabled Facilities Grants and £3.5 million for the replacement of A45 south bridge. Looking ahead, the total projected value of the capital programme between 2016/17 and 2018/19 is circa £130 million. This is funded from the following internal and external sources: prudential borrowing £30 million, capital receipts £6 million, revenue and contributions £46 million and external grants £48 million.

Planned service developments

These are exciting times for Solihull. Our ongoing planning for the end of the decade and beyond has led to a number of opportunities being placed on our medium to long term radar. We have been designing and planning for these and are now ready to deliver. They include the creation of the West Midlands Combined Authority and the opportunity that brings for more money and powers for the region and Solihull through devolution; our ambitious UK Central programme across four interconnected economic opportunity zones; and the integration of services with our public sector partners in the borough. These and many others continue to focus on people and place, and our comprehensive approach to managing resources. Integration with partners will be the key to success. All of this means that we must balance how we do things with increased agility, acuity, pace and assurance.

Changes in accounting policies

The Statement of Accounts includes a Statement of Accounting Policies (see note 50), which explains the way we have accounted for items in this document. The Statement of Accounting Policies has been revised in 2015/16 to take account of any changes during the year.

Councils are required to disclose information relating to the impact of accounting changes that will be required by a new standard that has been issued but not yet adopted by the Code. Note 2 provides further details of future changes that will be relevant to the 2016/17 Statement of Accounts, including the indicative impact on the balance sheet value as a result of changes to the CIPFA Code of Practice on the Highways Network Asset which will take effect from 1 April 2016.

Explanation of accounting statements

Explanations of the Core Financial Statements included in the Statement of Accounts have been included at the beginning of each Core Financial Statement. These can be found on the following pages:-

- Movement in Reserves Statement (MIRS) Page 17
- Comprehensive Income and Expenditure Statement (CI&ES) Page 21
- Balance Sheet Page 25
- Cash Flow Statement Page 27

The Supplementary Financial Statements section contains the following statements:

- Housing Revenue Account (HRA) Page 119
- Collection Fund Page 125
- Group Accounts Page 129

Paul Johnson CPFA

Director of Resources and
Deputy Chief Executive

22 September 2016

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 responsibility for the administration of those affairs. In this Council, that officer is the Director of Resources and Deputy Chief Executive.
- manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Director of Resources and Deputy Chief Executive's Responsibilities:

The Director of Resources and Deputy Chief Executive 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 Accounting Statement, the Director of Resources and Deputy Chief Executive has:
- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the local authority Code;
- kept proper accounting records that were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Director of Resources and Deputy Chief Executive is required to sign and date the Accounting Statement, stating that it gives a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2016.

	Paul Johnson CPFA
Chair of Governance Committee	**Director of Resources and Deputy Chief Executive**
22 September 2016	22 September 2016

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 shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.
The Net (Increase)/Decrease before the 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.

Movement in Reserves Statement (MIRS)

2015/16	General Fund Working Balance £000	Earmarked General Fund Balance £000	Earmarked Revenue Reserves (Note 7) £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	**Total Usable Reserves £000**	Unusable Reserves £000	**Total Council Reserves £000**
Balance at 1 April 2015	**(10,185)**	**(3,002)**	**(45,546)**	**(8,700)**	**(4,332)**	**(2,704)**	**(6,464)**	**(80,933)**	**(312,468)**	**(393,401)**
<u>Movement in Reserves during 2015/16</u>										
(Surplus) or deficit on the provision of services	35,660	0	0	(7,791)	0	0	0	27,869	0	27,869
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	(47,909)	(47,909)
Total comprehensive income and expenditure	**35,660**	**0**	**0**	**(7,791)**	**0**	**0**	**0**	**27,869**	**(47,909)**	**(20,040)**
Adjustments between accounting basis & funding basis under regulations (Note 6)	(41,500)	0	0	4,634	(650)	1,264	(1,143)	(37,395)	37,395	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(5,840)**	**0**	**0**	**(3,157)**	**(650)**	**1,264**	**(1,143)**	**(9,526)**	**(10,514)**	**(20,040)**
Transfers to/(from) Earmarked Reserves in relation to pension cost advance payment for 2015/16 and 2016/17	0	0	0	0	0	0	0	**0**	0	**0**
Other transfers to/(from) Earmarked Reserves	4,123	(760)	(3,363)	0	0	0	0	**0**	0	**0**
(Increase)/Decrease in 2015/16 *	**(1,717)**	**(760)**	**(3,363)**	**(3,157)**	**(650)**	**1,264**	**(1,143)**	**(9,526)**	**(10,514)**	**(20,040)**
Balance at 31 March 2016	**(11,902)**	**(3,762)**	**(48,909)**	**(11,857)**	**(4,982)**	**(1,440)**	**(7,607)**	**(90,459)**	**(322,982)**	**(413,441)**

* £1.382m of the increase in the General Fund Working Balance is the reimbursement of the amount used for the portion of advance pension payment relating to 2015/16, this is explained further within Note 5 - Material items of income and expenditure.

Movement in Reserves Statement (MIRS) continued

2014/15	General Fund Working Balance £000	Earmarked General Fund Balance £000	Earmarked Revenue Reserves (Note 7) £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	**Total Usable Reserves £000**	Unusable Reserves £000	**Total Council Reserves £000**
Balance at 1 April 2014	**(13,561)**	**(3,271)**	**(52,023)**	**(9,619)**	**(2,589)**	**(1,831)**	**(9,196)**	**(92,090)**	**(356,152)**	**(448,242)**
<u>Movement in Reserves during 2014/15</u>										
(Surplus) or deficit on the provision of services	26,742	0	0	(8,391)	0	0	0	18,351	0	18,351
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	36,490	36,490
Total comprehensive income and expenditure	**26,742**	**0**	**0**	**(8,391)**	**0**	**0**	**0**	**18,351**	**36,490**	**54,841**
Adjustments between accounting basis & funding basis under regulations (Note 6)	(16,550)	0	0	9,240	(1,743)	(873)	2,732	(7,194)	7,194	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**10,192**	**0**	**0**	**849**	**(1,743)**	**(873)**	**2,732**	**11,157**	**43,684**	**54,841**
Transfers to/(from) Earmarked Reserves in relation to pension cost advance payment for 2015/16 and 2016/17	(9,810)	0	9,810	0	0	0	0	0	0	
Other transfers to/(from) Earmarked Reserves	2,994	269	(3,333)	70	0	0	0	0	0	0
(Increase)/Decrease in 2014/15 *	**3,376**	**269**	**6,477**	**919**	**(1,743)**	**(873)**	**2,732**	**11,157**	**43,684**	**54,841**
Balance at 31 March 2015	**(10,185)**	**(3,002)**	**(45,546)**	**(8,700)**	**(4,332)**	**(2,704)**	**(6,464)**	**(80,933)**	**(312,468)**	**(393,401)**

* £2.077m of the decrease in the General Fund Working Balance was in relation to the funding of the £11.887m advance pension payment. The remainder of the funding of the pension payment (£9.810m) was from earmarked reserves, this is explained further within Note 5 - Material items of income and expenditure.

Comprehensive
Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CI&ES) shows the income, expenditure and net cost on services the Council provides, funding from general Government grants and income from local taxpayers in the financial year. The CI&ES reconciles to the change in the year of the net worth of the Council as shown in the Balance Sheet.

The CI&ES is prepared entirely in accordance with International Financial Reporting Standards, which differ from the legal rules used to calculate budgets and available balances.

These differences are adjusted for in the Movement in Reserves Statement. It is the General Fund Working Balance increase or decrease shown in the Movement in Reserves Statement (on page 18) which shows the overall revenue position for the Council.

Comprehensive Income and Expenditure Statement (CI&ES)

	Year ended 31 March 2016		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Adult social care *	90,435	(31,045)	59,390
Central services to the public	4,739	(3,062)	1,677
Children's and education services *	195,872	(147,454)	48,418
Cultural and related services	11,084	(3,255)	7,829
Environmental and regulatory services	18,216	(6,153)	12,063
Highways & transport services	24,110	(7,321)	16,789
Local authority housing (HRA) *	32,608	(45,579)	(12,971)
Other housing services *	63,972	(61,280)	2,692
Planning services *	28,128	(11,814)	16,314
Public health *	10,465	(10,452)	13
Corporate & democratic core	4,779	(851)	3,928
Non distributed cost	1,979	(2,407)	(428)
Cost of Services	**486,387**	**(330,673)**	**155,714**
Parish precepts			1,162
Levies payable *			9,944
Amounts payable into the housing capital receipts pool			1,564
Loss on disposal of non-current assets *			12,378
Total Other Operating Expenditure			**25,048**
Interest payable on debt *			10,966
Interest payable on finance leases			541
Interest payable on PFI unitary payments			4,779
Pension interest costs			7,836
Investment interest income			(568)
Other investment income *			(4,177)
Surplus of trading operations not allocated to services			(46)
Changes in fair value of investment properties			(114)
Rents received on investment properties			(930)
Expenses incurred on investment properties			601
Total Financing and Investment Income & Expenditure			**18,888**
Council tax			(87,290)
Non-domestic rates			(29,821)
Non ring-fenced government grants *			(32,322)
Recognised capital grants and contributions			(22,348)
Total Taxation and Non-Specific Grant Income			**(171,781)**
Deficit on Provision of Services			**27,869**
(Surplus) on revaluation of non current assets			(18,059)
Impairment losses on non-current assets charged to revaluation reserve *			3,999
(Surplus) or deficit on revaluation of available for sale financial assets			(1,439)
Remeasurement of the net defined benefit liability *			(32,410)
Other Comprehensive Income and Expenditure			**(47,909)**
Total Comprehensive (Income) / Expenditure			**(20,040)**

* Explanations for significant items can be found in Note 5 - Material items of income and expenditure

Comprehensive Income and Expenditure Statement (CI&ES)

Prior year comparatives (restated[1]) Year ended 31 March 2015

	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Adult social care *	80,070	(19,907)	60,163
Central services to the public	5,305	(3,439)	1,866
Children's and education services * [1]	192,636	(152,461)	40,175
Cultural and related services	10,952	(3,407)	7,545
Environmental and regulatory services	17,215	(6,404)	10,811
Highways & transport services	24,268	(7,503)	16,765
Local authority housing (HRA) *	32,192	(45,506)	(13,314)
Other housing services *	63,875	(62,245)	1,630
Planning services *	14,527	(4,160)	10,367
Public health *	9,945	(9,997)	(52)
Corporate & democratic core	4,468	(817)	3,651
Non distributed cost	491	(1,535)	(1,044)
Cost of Services	**455,944**	**(317,381)**	**138,563**
Parish precepts			1,122
Levies payable *			10,495
Amounts payable into the housing capital receipts pool			1,187
Loss on disposal of non-current assets *			16,555
Total Other Operating Expenditure			**29,359**
Interest payable on debt *			10,426
Interest payable on finance leases			211
Interest payable on PFI unitary payments			5,273
Pension interest costs			8,022
Investment interest income			(346)
Other investment income *			(1,169)
Surplus of trading operations not allocated to services			0
Changes in fair value of investment properties			(3,900)
Rents received on investment properties			(4,547)
Expenses incurred on investment properties			420
Total Financing and Investment Income & Expenditure			**14,390**
Council tax			(85,756)
Non-domestic rates			(26,247)
Non ring-fenced government grants *			(38,266)
Recognised capital grants and contributions			(13,692)
Total Taxation and Non-Specific Grant Income			**(163,961)**
Deficit on Provision of Services			**18,351**
(Surplus) on revaluation of non current assets			(15,445)
Impairment losses on non-current assets charged to revaluation reserve *			41
(Surplus) or deficit on revaluation of available for sale financial assets			491
Remeasurement of the net defined benefit liability *			51,403
Other Comprehensive Income and Expenditure			**36,490**
Total Comprehensive (Income) / Expenditure			**54,841**

* Explanations for significant items can be found in note 5 - Material items of income and expenditure

[1] Children's and Education Services gross income and expenditure have been restated for PFI unitary charges from academy schools of £4.344m that were originally shown as netting off gross expenditure. There is no change to overall net expenditure as a result of these adjustments.

Balance Sheet

The Balance Sheet shows the overall financial position of the Council at the year end, by detailing how much is owned by the Council and how much it owes.

The net assets of the Council (what is owned less what is owed) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council and Schools may use to provide services. The second category, unusable reserves, are those that the Council is not able to use to provide services.

Balance Sheet

31 March 2015 £000		31 March 2016 £000	Notes
310,582	Council Dwellings	**319,279**	
379,018	Other Land and Buildings	**438,926**	
10,815	Vehicles, Plant and Equipment	**11,436**	
97,341	Infrastructure	**103,821**	
12,205	Community Assets	**12,265**	
26,149	Assets under Construction	**19,131**	
836,110	**sub-total Property, Plant & Equipment**	**904,858**	8
950	Heritage Assets	**950**	
89,422	Investment Property	**10,409**	11
1,389	Intangible Assets	**1,030**	12
0	Long Term Investments - Money market loans	**2,000**	13-15
39,359	Long Term Investments - Available for sale financial assets	**39,323**	13-15
1,612	Long Term Debtors	**1,421**	19
968,842	**Total Long Term Assets**	**959,991**	
23,184	Short Term Investments	**34,305**	13/14
660	Inventories	**811**	
25,147	Short Term Debtors	**31,098**	18
3,457	Cash and Cash Equivalents	**6,866**	20
3,868	Payments in Advance	**3,809**	21
219	Carbon Allowances	**230**	
56,535	**Current Assets**	**77,119**	
(8,937)	Bank Overdraft	**(15,210)**	20
(2,603)	Short Term Borrowing	**(2,663)**	13/14
(34,128)	Short Term Creditors	**(37,867)**	22
(3,570)	Short Term Provisions	**(5,684)**	24
(13,892)	Receipts in Advance	**(13,642)**	23
(63,130)	**Current Liabilities**	**(75,066)**	
(3,316)	Long Term Provisions	**(2,585)**	24
(248,847)	Long Term Borrowing	**(247,954)**	13/14
(251,620)	Net Pensions Liability	**(233,660)**	43
(60,900)	Other Long Term Liabilities	**(58,832)**	13/14
(4,163)	Capital Grants Receipts in Advance	**(5,572)**	36
(568,846)	**Long Term Liabilities**	**(548,603)**	
393,401	**Net Assets**	**413,441**	
(80,933)	**Usable Reserves**	**(90,459)**	MIRS
(312,468)	**Unusable Reserves**	**(322,982)**	27
(393,401)	**Total Reserves**	**(413,441)**	

Cash Flow Statement

The Cash Flow Statement summarises the movement of cash and cash equivalents during the year regardless of which year they relate to. The other core statements are based on any transaction or change in value that is relevant to 2015/16.

The Cash Flow Statement removes transactions that do not involve cash, for example, if the Council is owed money from a grant at the year end, it will be reflected in the CI&ES but not in the Cash Flow Statement. If a grant is received during the year in advance for the following year, it will be reflected in the Cash Flow Statement, but not in the CI&ES.

Cash Flow Statement

31 March 2015 £000		**31 March 2016 £000**
18,351	Net deficit on the provision of services	27,869
(55,171)	Adjustments to net deficit on the provision of services for non cash movements (Note 28)	(86,965)
17,455	Adjustments for items in the net deficit on the provision of services that are investing and financial activities	26,382
(19,365)	**Net cash flows from operating activities (Note 29)**	**(32,714)**
35,416	Investing activities (Note 30)	32,919
(12,638)	Financing activities (Note 31)	2,659
3,413	**Net decrease in cash and cash equivalents**	**2,864**
	Overall Movement in cash and cash equivalents	
(2,067)	Cash and cash equivalents at the beginning of the reporting period	(5,480)
(3,413)	Net increase/ (decrease) in cash and cash equivalents	(2,864)
(5,480)	**Cash and cash equivalents at the end of the reporting period (Note 20)**	**(8,344)**

Disclosure notes to the Accounts

1. Prior Period Adjustments

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

The Accounting Statement for 2015/16 contains no material prior period adjustments to opening balances or 2014/15 comparative amounts.

2. Accounting Standards that have been Issued but not yet Adopted

The Code of Practice requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code.

Under International Accounting Standard (IAS) 8 there is the requirement for councils to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code - we have summarised the impact of changes to Accounting Standards as follows:

IAS 1 - Presentation of Financial Statements
Following the 'Telling The Story' review of the presentation of Local Authority financial statements, the December 2014 amendment to this Standard requires local authorities to report on the same basis that they are organised. It makes changes to the format of the CI&ES, the MIRS and introduces a new Expenditure and Funding Analysis which provides a direct reconciliation between the way local authorities budget (and are funded) and the CI&ES.
This will not impact on information reported regarding the Net Cost of Services or the Deficit on the Provision of Services. The 2016/17 Statement of Accounts will include 2015/16 comparatives reflecting the new formats and reporting requirements.

Code of Practice on Highways Network Asset
The CIPFA Code of Practice on Highways Network Asset takes effect from 1 April 2016. The Code confirms that the changes arising do not require retrospective adjustment to the accounts. Under the Code infrastructure assets will be recognised as a separate class of Property, Plant and Equipment measured at depreciated replacement cost. This will enable consistent financial information to support transport asset management across local authorities.

The disclosure will require a transfer of assets between infrastructure and the new highways network asset categories. This is likely to result in a revaluation gain due to the change from depreciated historic cost to depreciated replacement cost basis. Thus the new valuation will reflect the current cost of replacement rather than the original cost of construction. If the changes had been implemented in 2015/16, based on current estimates the value of infrastructure assets would increase from £104 million to circa £1.9 billion with a significant increase in annual depreciation.

Other changes
A series of minor amendments from the Annual improvement to International Financial Reporting Standards (IFRS) cycle, IFRS11 Joint Arrangements, IAS19 Employee Benefits, IAS16 Property, plant and equipment and IAS38 Intangible assets are not expected to have a material impact on the Council's Statement of Accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Disclosure Note 49, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Accounting Statement are as follows:

PFI, PPP and Similar Contracts
The Council is deemed to control the services provided under the Strategic Environment contract, the Building Schools for the Future (BSF) contracts and the Leisure contract. The accounting policies for PFI schemes and similar contracts have been applied to these arrangements and the associated assets are recognised as Property, Plant and Equipment on the Council's Balance Sheet. The exception is when a PFI school transfers to academy status, the building asset is disposed of and the land subject to revaluation. The unitary charge payment liability for the academy schools remains with the Council.

Accounting for Local Authority Maintained Schools
During 2014/15, the Council reviewed the accounting treatment for non-current assets used by maintained schools. The accounting policies for Property, Plant & Equipment, including Recognition of School Assets, were applied to school assets and the list of maintained schools held on/off the Council's Balance Sheet at 31 March 2016 is shown below:

	On Balance Sheet	Off Balance Sheet
Community Schools	40	0
Voluntary Controlled	1	0
Voluntary Aided	0	17
Academy	0	21
	41	38

The review considered that arrangements can be examined under IAS 16 Property, Plant & Equipment as adopted by the Code. The definition of an asset included in the code is 'a resource controlled by the Council as a result of a past event from which future economic benefits or service potential are expected to flow'. The clarification on how this should be interpreted requires a judgement to be made as to whether the assets of a school are controlled by the Council or by the School's Governing Body. If the asset is considered to be controlled by the Council, it is included on the Council's balance sheet.

Community schools are controlled and run by the Council, whilst Voluntary Aided (VA) schools are run independently by their governing body. Solihull's VA schools are predominately faith schools. Academies are run by a governing body, independent from the Council.

The Council has one voluntary controlled school, Meriden Church of England Primary. The Council provides funding to maintain the assets, as opposed to the Local Education Authority Co-ordinated Voluntary Aided Programme (LCVAP). The Governing Body is deemed to have its own control as only two foundation Governors are representatives of the Church. As a result of this, the building is recognised on the Council's Balance Sheet.

The Council had one Foundation School, Lyndon School, on the balance sheet, which converted to academy status during 2015/16.

Critical Judgements in Applying Accounting Policies (continued)

During 2014/15 the Council reviewed the seventeen VA schools within the borough and concluded that they are religious schools or 'faith' schools, the governing body is diocese controlled, employs the staff, and sets the admission criteria. Buildings and land are normally owned by a charitable foundation. The foundation retains greater influence over the school. Communications with the Archdiocese and our own school by school legal review confirms the VA schools are assets of the Diocese, not the Governing Bodies. The combination of these factors, in our opinion, suggest that we cannot be certain that the recognition criteria from IAS16 are met, specifically that the economic benefits (or service potential) of the assets will flow to the Council in the long-term. The Council held legal title to three VA schools. Under Schedule 3, Paragraph 4(3) of the School Standards Framework Act, it is a requirement that the Council must transfer any interest in the site. The Council continued to work with the solicitors of the Diocesan Trustees and executed all three transfers in April 2016. Prior to this review no VA schools buildings or associated footprints of land were recognised in the Council's balance sheet. We have concluded that all of our Voluntary Aided Schools should remain off the Council's balance sheet.

Review of Investment Property Classification

In accordance with International Accounting Standard (IAS) 40 Investment property is defined as used solely to earn rentals and/or for capital appreciation. This assessment criteria has been used since IFRS was adopted. In 2015/16 a review of the classification was undertaken and all non current assets classed as Investment Properties were re-assessed by the Strategic Land and Property Team in conjunction with Financial Operations by applying a criteria test. Where appropriate a number of properties were reclassified as operational Other Land and Buildings under the Property, Plant & Equipment category. Properties that have been reclassified under this criteria have been assessed as having an operational purpose, rather than solely to earn rentals and/or for capital appreciation.

Better Care Fund

The Better Care Fund was implemented under The Care Act 2014 (the Act) and came into operation on 1 April 2015.

The Act required Local Authorities (LAs) and Clinical Commissioning Groups (CCGs) to establish joint arrangements for the integration of health and social care at a regional level. In Solihull, the Council has entered into arrangements with Solihull CCG for the management and funding of a number of specific workstreams.

Each of these workstreams has been individually assessed, in order to establish the nature of the funding position:

- those workstreams administered solely by the Council, whereby all transactions and balances are reflected in the Council's accounts;
- those workstreams administered solely by Solihull CCG, whereby no transactions or balances are included in the Council's accounts; or
- those workstreams operated as a pooled budget, whereby each party accounts for their own share of transactions and balances.

Further details regarding the treatment of each specific workstream is shown in note 25 - Pooled Budgets.

Group Boundaries

The Council has interests and relationships in other entities which are included in the Council's group accounts. Solihull Community Housing Ltd and Blythe Valley Innovation Centre Ltd are consolidated as wholly owned subsidiaries of the Council, Coventry & Solihull Waste Disposal Company Ltd is included as a joint venture.

The accounting policies for Interests in companies and other entities have been applied.

4. 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.

The items in the Council’s Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Contingent Liabilities	The Council has the following Contingent Liability in the Accounting Statement: 1. Grant Funded Projects There is uncertainty around this Contingent Liability as it is based on future events, further detail is given in Note 45 - Contingent Liabilities.	The effects on the Contingent Liabilities in the Accounting Statement can vary due to uncertain future events.
Contingent Asset	The Council has a Contingent Asset in the Accounting Statement for the financial interest held in the land at Blythe Valley. The Council has a right to receive a share of future land value receipts, yet there is uncertainty around the value and timing of these receipts. Further detail is given in Note 44 - Contingent Assets.	Any future receipts could be affected by a change in the Blythe Valley land value.
PFI & Similar Contracts	At March 2016 the Council is committed to making unitary payments of £287.183m over the remaining contracted life of PFI and other similar contract schemes (see note 41). The contract payments are subject to inflationary changes and other contract variations that may arise after this date.	The value of future unitary payments could increase or decrease if the current assumed inflationary factors for these projects are inaccurate.
Provisions	The Council has made the following provisions in the Accounting Statement that are deemed to be uncertain: 1. Business rates appeals provision of £5.845m based on the latest position of appeals lodged as at 31 March 2016 and the best estimate of the expenditure that will be required to settle the successful appeals; 2. Insurance provision of £2.032m based on the number of self insurance risk claims that are not covered by the Council's external insurance policies; 3. Closed Landfill Sites provision of £0.237m based on the expected future after care costs of a closed landfill site. 4. Other provisions totalling £0.155m Further detail is given in Note 24 - Provisions.	A change over the forthcoming year in the calculation basis of each provision would have the effect of increasing or decreasing the contribution to or from each of the provisions.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (continued)

<table>
<tr><th>Item</th><th>Uncertainties</th><th>Effect if Actual Results Differ from Assumptions</th></tr>
<tr><td>Pensions Liability</td><td>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 are engaged to provide the Council with expert advice about the assumptions to be applied.
During 2015/16, the updating of assumptions by the Council's actuaries has led to a decrease in the net pension liability of £17.960m.
Further detail is given in Note 43 - Defined Benefit Pension Schemes.</td><td>The effects on the net pensions liability of changes in individual assumptions can be measured.</td></tr>
<tr><td>Arrears</td><td>At 31 March 2016, the Council had the following balances of debtors outstanding for which appropriate impairment allowances have been made:-
<table>
<tr><th></th><th>Arrears</th><th>Impairment Allowance</th></tr>
<tr><td>Accounts receivable</td><td>£12.797m</td><td>£1.473m (12%)</td></tr>
<tr><td>Council tax</td><td>£3.976m</td><td>£2.903m (73%)</td></tr>
<tr><td>Housing benefit</td><td>£2.792m</td><td>£1.999m (72%)</td></tr>
<tr><td>HRA (rent & service charges)</td><td>£2.979m</td><td>£2.283m (77%)</td></tr>
<tr><td>Non-domestic rates</td><td>£3.421m</td><td>£0.871m (25%)</td></tr>
<tr><td>Other</td><td>£16.428m</td><td>£0.345m (2%)</td></tr>
<tr><td></td><td>£42.393m</td><td>£9.874m (23%)</td></tr>
</table>
Levels of impairment allowance are kept under review to ensure their continued adequacy.</td><td>If collection rates were to deteriorate, an additional amount of impairment allowance would be required.</td></tr>
</table>

5. Material Items of Income and Expenditure

The Council wishes to highlight the following items of Income and Expenditure which we consider to be material, either by virtue of their value or where we consider an explanation of the item would aid understanding of the Council's Accounts:

Adult social care

The cost of services for Adult social care in 2015/16 reflects the requirements of the Better Care Fund for the Council to account for residential and nursing placements on a gross rather than net basis. This has resulted in increases to income and expenditure of £10.200m and £10.600m respectively. Net expenditure is broadly unchanged, resulting in a decrease of £0.773m (1.28%).

Children's and education services

Material items of note within Children's and education services are income received from the Dedicated Schools Grant of £105.001m and the related schools expenditure.
Further information can be found within note 37 - Dedicated Schools Grant.

Expenditure for 2015/16 includes a charge of £3.753m relating to a loss on revaluation of the land at Lyndon School - where schools convert to academy status the Council reduces the value of the land held on our balance sheet to a nominal value.

Local authority housing

Income credited to the Housing Revenue Account (HRA) includes £42.076m of rent received from Council housing in the borough.
Included within expenditure is the revenue management fee of £19.733m paid to Solihull Community Housing ltd for the service of managing the Council's housing stock.
Further information can be found within the Housing Revenue Account and accompanying notes.

Other housing services

Income credited to Other housing services includes £57.955m of Housing benefit subsidy grant received from the Department of Work and Pensions.
Included within expenditure are payments of £58.771m to housing benefits claimants.

Planning services

During 2015/16, revaluation losses of £11.295m have been recognised in the gross expenditure within Planning services. These mostly relate to properties which have been reclassified during the year from Investment properties to Property, plant and equipment.
There is also an increase from 2014/15 in income within Planning services of £3.672m; due to the reclassification of assets, income on these properties is now credited to the Cost of Services and is offset by a reduction in Rents received on investment properties within Financing and Investment Income & Expenditure.
Further information regarding the reclassification of assets can be found within Note 11 - Investment Property.

Public health

The services provided under the category of Public Health within Cost of Services in 2015/16 were predominantly funded by a grant of £10.367m from the Department of Health.

Levies payable

This category includes payments from the Council of £9.861m to the West Midlands Integrated Transport Authority (Centro).

Loss on disposal of non-current assets

The net loss on the disposal of assets is mainly attributable to the conversion of Lyndon School to academy status, the subsequent transfer of the buildings resulted in a loss of £14.516m in the Council's accounts.

By comparison in 2014/15, the net loss on disposal of £16.555m was mostly due to the conversion to academy status of three schools in the borough.

Interest payable on debt

This figure includes £7.393m for the payment of interest on the HRA self-financing settlement loan.
Further details can be found within note H13 to the Housing Revenue Account - HRA Self Financing.

Other investment income

The increase in 2015/16 is due to increased dividends receivable from Birmingham International Airport of £3.682m (2014/15: £0.627m).

Non ring-fenced government grants

Included within the non ring-fenced government grants received by the Council in 2015/16 is £26.417m of Revenue Support Grant.
Further information can be found within note 36 - Grant Income.

Impairment losses on non-current assets charged to revaluation reserve

The impairment losses recognised in 2015/16 of £3.999m are due to the demolition of former schools at Coleshill Heath and Fordbridge.

Material Items of Income and Expenditure (continued)

Remeasurement of the net defined benefit liability

This line within Other comprehensive income and expenditure recognises the variations in the actuarial assumptions provided by the Pension Fund's actuary. In 2015/16 this has led to a credit to the CI&ES of £32.410m (2014/15: charge of £51.403m).

Further information can be found within note 43 - Defined Benefit Pension Schemes.

Pension Contributions for 2014/15 – 2016/17

In April 2014 the Council made an advance payment of £17.217m in respect of pension contributions for the three years from 2014/15 to 2016/17 in order to save a net £1.222m over those three financial years.

£5.330m of the contributions were funded in 2014/15 and the remaining £11.887m were funded temporarily in 2014/15 by using Council reserves and working balances.

In 2015/16, £4.365m has been repaid to specific reserves and £1.382m repaid to working balances, funded from the employer contribution budgets. This leaves £6.140m to be repaid to working balances and reserves in 2016/17.

The effect of this temporary funding on the Council's statement of accounts and notes is summarised as follows:

Movement in Reserves Statement (MIRS)

Within the £4.123m shown as contributed to the General Fund working balance is the £1.382m for repaying the amount borrowed in relation to the pension cost that was originally due in 2015/16. Had the advance payment not been made, the general fund working balance would have been £0.695m higher.

Balance Sheet / Note 27e - Pensions Reserve

The net pensions liability of £233.660m is stated after the advance pension payment outlined above has been made; the net liability would otherwise have been £6.140m higher.

The reverse of this is reflected in the pensions reserve balance, which is part of the unusable reserves total of £321.543m; if the advance payment had not been made, the pensions reserve balance would have been a further £6.140m overdrawn.

Note 7 - Transfers to/from Earmarked Reserves

The transfers in to earmarked reserves of £22.774m includes £4.365m to replenish reserves which were temporarily used to fund the advance pension payment; the earmarked reserves balance of £48.909m would have been £5.445m higher had the advance payment not been made.

Note 32 - Amounts Reported for Resource Allocation Decisions

The employee expenses line across all of the Cabinets include £5.747m of amounts set aside for pension contributions, with a corresponding credit of (£5.747m) shown as employee expenses within the Leader, Resources and Delivering Value cabinet. Repayment of £4.365m is shown as transfers to/ (from) reserves within the Leader, Resources and Delivering Value cabinet.

6. 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.

2015/16	Usable Reserves					
	General Fund Working Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the CI&ES:						
Charges for depreciation and impairment of non-current assets	(23,913)	(9,791)	0	0	0	33,704
Revaluation losses on Property, Plant and Equipment	(18,039)	0	0	0	0	18,039
Movements in the market value of Investment Property	(14)	128	0	0	0	(114)
Amortisation of intangible assets	(432)	(165)	0	0	0	597
Capital grants and contributions applied	26,933	306	0	0	0	(27,239)
Revenue expenditure funded from capital under statute	(9,592)	0	0	0	0	9,592
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(16,159)	(2,615)	0	0	0	18,774
Insertion of items not debited or credited to the CI&ES:						
Statutory provision for the repayment of debt	7,479	0	0	0	0	(7,479)
Capital expenditure charged to the General Fund and HRA balances	2,141	821	0	0	0	(2,962)
HRA loans fund principal contribution for the year	0	881	0	0	0	(881)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied debited/ (credited) to the CI&ES	2,339	0	0	0	(2,339)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	1,196	(1,196)
Adjustments primarily involving the Capital Receipts Reserve:						
Credits to the Capital Receipts Reserve to repay debt	0	0	(72)	0	0	72
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&ES	2,010	4,386	(6,396)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure or to set aside to reduce the net indebtedness of the authority	0	0	4,146	0	0	(4,146)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(108)	0	108	0	0	0
Transfer from the Capital Receipts Reserve equal to the amount payable into the Housing capital receipts pool	(1,564)	0	1,564	0	0	0
Balance c/fwd	**(28,919)**	**(6,049)**	**(650)**	**0**	**(1,143)**	**36,761**

Note 6 continued

2015/16	Usable Reserves General Fund Working Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
Balance b/fwd	**(28,919)**	**(6,049)**	**(650)**	**0**	**(1,143)**	**36,761**
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	10,739	0	(10,739)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	12,003	0	(12,003)
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(72)	(56)	0	0	0	128
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CI&ES	(26,305)	0	0	0	0	26,305
Employer's contributions payable to scheme	11,855	0	0	0	0	(11,855)
Advance payment of pension past deficit contributions originally due in 2015/16 and 2016/17 (see Note 5)	0	0	0	0	0	0
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax and NDR income credited to the CI&ES is different from that calculated for the year in accordance with statutory requirements	1,461	0	0	0	0	(1,461)
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	480	0	0	0	0	(480)
Total Adjustments	**(41,500)**	**4,634**	**(650)**	**1,264**	**(1,143)**	**37,395**

Note 6 continued

2014/15	Usable Reserves					
	General Fund Working Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the CI&ES:						
Charges for depreciation and impairment of non-current assets	(21,282)	(8,519)	0	0	0	29,801
Revaluation losses on Property, Plant and Equipment	(4,501)	(623)	0	0	0	5,124
Movements in the market value of Investment Property	3,900	0	0	0	0	(3,900)
Amortisation of intangible assets	(255)	(149)	0	0	0	404
Capital grants and contributions applied	18,246	708	0	0	0	(18,954)
Revenue expenditure funded from capital under statute	(6,420)	0	0	0	0	6,420
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(22,671)	(1,531)	0	0	0	24,202
Insertion of items not debited or credited to the CI&ES:						
Statutory provision for the repayment of debt	7,121	0	0	0	0	(7,121)
Capital expenditure charged to the General Fund and HRA balances	1,899	4,849	0	0	0	(6,748)
HRA loans fund principal contribution for the year	0	845	0	0	0	(845)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied debited/ (credited) to the CI&ES	(2,730)	(2)	0	0	2,732	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	0
Adjustments primarily involving the Capital Receipts Reserve:						
Credits to the Capital Receipts Reserve to repay debt	0	0	(207)	0	0	207
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&ES	4,383	3,264	(7,647)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure or to set aside to reduce the net indebtedness of the authority	0	0	4,854	0	0	(4,854)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(70)	0	70	0	0	0
Transfer from the Capital Receipts Reserve equal to the amount payable into the Housing capital receipts pool	(1,187)	0	1,187	0	0	0
Balance c/fwd	**(23,567)**	**(1,158)**	**(1,743)**	**0**	**2,732**	**23,736**

Note 6 continued

2014/15	Usable Reserves: General Fund Working Balance £000	Usable Reserves: Housing Revenue Account £000	Usable Reserves: Capital Receipts Reserve £000	Usable Reserves: Major Repairs Reserve £000	Usable Reserves: Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
Balance b/fwd	**(23,567)**	**(1,158)**	**(1,743)**	**0**	**2,732**	**23,736**
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	10,457	0	(10,457)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	9,584	0	(9,584)
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(84)	(59)	0	0	0	143
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CI&ES	(21,901)	0	0	0	0	21,901
Employer's contributions payable to scheme	15,594	0	0	0	0	(15,594)
Advance payment of pension past deficit contributions originally due in 2015/16 and 2016/17 (see Note 5)	11,887	0	0	0	0	(11,887)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the CI&ES is different from that calculated for the year in accordance with statutory requirements	1,499	0	0	0	0	(1,499)
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	22	0	0	0	0	(22)
Total Adjustments	**(16,550)**	**9,240**	**(1,743)**	**(873)**	**2,732**	**7,194**

Note 6 continued

Usable Reserves

The purpose of each usable reserve is detailed below:

General Fund Working Balance
These funds are available to meet the future running costs for the Council for non-housing services.

Earmarked General Fund Balance
These are resources set aside for specific budgetary purposes.

Earmarked Revenue Reserves
These are resources that have been set aside for specific future running costs. Further details of the significant reserves within this heading are shown in Note 7.

Housing Revenue Account
This reserve holds funds that are available to meet future costs relating to the Council's housing stock.

Capital Receipts Reserve
This reserve holds all of the Council's receipts generated from the disposal of non-current assets and although this is in the usable reserves section, this reserve can only be used to finance new capital investment or to repay debt. (A fixed proportion of Housing Capital Receipts must be paid over to the government - as detailed in the accounting policy on disposals).

Major Repairs Reserve
This reserve is to meet the capital investment requirements of the Council's housing programme.

Capital Grants Unapplied Account
This reserve is used to hold capital grants without conditions or where conditions have been satisfied, but the grant has yet to be used to finance capital expenditure.

7. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts transferred from earmarked reserves to meet General Fund expenditure in 2014/15 and 2015/16.

General Fund Earmarked Revenue Reserves	Balance at 01 April 2014 £000	Transfers out 2014/15[2] £000	Transfers in 2014/15 £000	Balance at 31 March 2015 £000	Transfers out 2015/16 £000	Transfers in 2015/16 [2] £000	Balance at 31 March 2016 £000
Schools [1]	(8,698)	3,494	(3,429)	**(8,633)**	1,493	(3,712)	**(10,852)**
Future Capital Spending	(2,699)	1,253	(1,177)	**(2,623)**	2,049	(3,665)	**(4,239)**
Grants unapplied with no conditions	(3,675)	615	(838)	**(3,898)**	860	(1,021)	**(4,059)**
Budget Strategy	0	2,549	(2,549)	**0**	1,169	(4,648)	**(3,479)**
Insurance	(2,135)	741	(1,107)	**(2,501)**	886	(972)	**(2,587)**
External Debt Interest	(3,133)	5,114	(2,723)	**(742)**	366	(1,990)	**(2,366)**
Recycling Projects	(1,772)	40	(507)	**(2,239)**	209	(99)	**(2,129)**
Severance	(2,350)	594	(468)	**(2,224)**	1,340	(719)	**(1,603)**
Unaccompanied Asylum Seeking Children	(1,225)	0	(503)	**(1,728)**	265	0	**(1,463)**
Development, Investment and Growth (DIG Fund)	(230)	100	(637)	**(767)**	0	(676)	**(1,443)**
Solihull Families First	(741)	69	0	**(672)**	0	(278)	**(950)**
Adult Social Care	(3,410)	1,132	(110)	**(2,388)**	1,854	(389)	**(923)**
Street Lighting Services	(972)	6	(300)	**(1,266)**	373	0	**(893)**
Business Rates Deficit Reserve	(3,726)	3,690	(2,138)	**(2,174)**	1,654	(150)	**(670)**
Bereavement Services	(544)	0	(141)	**(685)**	101	(61)	**(645)**
Superfast Broadband Reserve	(380)	0	(198)	**(578)**	0	0	**(578)**
Local Welfare Provision Community Care Grant	(231)	0	(431)	**(662)**	167	0	**(495)**
Schools Regeneration Fund	(556)	138	(117)	**(535)**	72	0	**(463)**
Schools Regeneration - Prudential Borrowing	(3,345)	1,115	(1,115)	**(3,345)**	2,900	0	**(445)**
Schools Strategic ICT	(668)	450	0	**(218)**	0	0	**(218)**
Budget Strategy (2014/15 only)	(1,716)	1,716	0	**0**	0	0	**0**
New Homes Bonus	(870)	570	0	**(300)**	300	0	**0**
Recycling Income Risks	(522)	522	0	**0**	522	(522)	**0**
Sub Total	**(43,598)**	**23,908**	**(18,488)**	**(38,178)**	**16,580**	**(18,902)**	**(40,500)**
Other	(8,425)	3,160	(2,103)	**(7,368)**	2,831	(3,872)	**(8,409)**
Total	**(52,023)**	**27,068**	**(20,591)**	**(45,546)**	**19,411**	**(22,774)**	**(48,909)**

[1] Reserves held by Schools under the delegated local management scheme are legally committed to be spent on the schools themselves and are not available to the Council for general use.

2 Transfers out of reserves in 2014/15 include £9.810m to fund the advance payment of pension costs. Transfers into reserves in 2015/16 include £4.365m to replenish these reserves, further details can be found in Note 5 - Material items of income and expenditure.

8. Movements on Balances for Property, Plant and Equipment in 2015/16

2015/16	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community Assets £000	Assets Under Construction £000	**Total Property Plant and Equipment £000**	PFI Assets included in Property, Plant & Equipment £000
Net Book Value at 31 March 2015	**310,582**	**379,018**	**10,815**	**97,341**	**12,205**	**26,149**	**836,110**	**54,777**
Additions	12,082	12,198	3,098	7,995	67	10,253	**45,693**	29
Other adjustments	0	0	819	0	0	0	**819**	819
Revaluations recognised in the Revaluation Reserve	8,868	9,200	0	0	(9)	0	**18,059**	0
Revaluations recognised in the Provision of Services	0	(18,039)	0	0	0	0	**(18,039)**	0
Disposals	(2,614)	(14,616)	(64)	0	0	0	**(17,294)**	0
Reclassifications	0	92,735	0	1,747	2	(17,271)	**77,213**	0
Depreciation on cost	(9,129)	(9,277)	(3,232)	(3,262)	0	0	**(24,900)**	(2,194)
Depreciation written out to revaluation reserve	(510)	(5,193)	0	0	0	0	**(5,703)**	(469)
Impairment losses recognised in the revaluation reserve	0	(3,999)	0	0	0	0	**(3,999)**	0
Impairment losses recognised in the Provision of Services	0	(3,101)	0	0	0	0	**(3,101)**	0
Net Book Value at 31 March 2016	**319,279**	**438,926**	**11,436**	**103,821**	**12,265**	**19,131**	**904,858**	**52,962**

The Net Book Value at 31 March 2016 is analysed as follows:

Certified Valuation at 31 March 2016	319,279	466,031	19,000	140,178	12,265	19,131	**975,884**	61,054
Accumulated Depreciation and Impairment	0	(27,105)	(7,564)	(36,357)	0	0	**(71,026)**	(8,092)

Explanations for significant movements:

The balance sheet value of Property, Plant and Equipment has increased in total by £68.748m. The main reason for this is the reclassification of assets of £79.188m to Property, Plant and Equipment from Investment Property (see Note 11).

Note 8 continued

2014/15	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community Assets £000	Assets Under Construction £000	**Total Property Plant and Equipment £000**	PFI Assets included in Property, Plant & Equipment £000
Certified Valuation at 31 March 2014	290,622	423,418	23,648	123,086	11,681	15,573	**888,028**	71,079
Accumulated Depreciation and Impairment	0	(15,306)	(11,380)	(30,019)	0	0	**(56,705)**	(5,097)
Net Book Value at 31 March 2014	**290,622**	**408,112**	**12,268**	**93,067**	**11,681**	**15,573**	**831,323**	**65,982**
Additions	13,463	7,107	2,773	4,438	216	20,361	**48,358**	6
Other adjustments	0	(146)	0	0	0	0	**(146)**	0
Revaluations recognised in the Revaluation Reserve	13,852	1,603	0	0	(9)	0	**15,446**	0
Revaluations recognised in the Provision of Services	0	(5,124)	0	0	0	0	**(5,124)**	0
Disposals	(1,531)	(20,834)	0	0	0	0	**(22,365)**	(8,163)
Reclassifications	2,551	2,427	36	2,914	317	(9,785)	**(1,540)**	0
Depreciation on cost	(8,233)	(8,094)	(4,173)	(3,078)	0	0	**(23,578)**	(2,576)
Depreciation written out to revaluation reserve	(142)	(5,177)	0	0	0	0	**(5,319)**	(472)
Impairment losses recognised in the revaluation reserve	0	(41)	0	0	0	0	**(41)**	0
Impairment losses recognised in the Provision of Services	0	(815)	(89)	0	0	0	**(904)**	0
Net Book Value at 31 March 2015	**310,582**	**379,018**	**10,815**	**97,341**	**12,205**	**26,149**	**836,110**	**54,777**

The Net Book Value at 31 March 2015 is analysed as follows:

Certified Valuation at 31 March 2015	310,582	406,123	18,454	130,436	12,205	26,149	**903,949**	60,733
Accumulated Depreciation and Impairment	0	(27,105)	(7,639)	(33,095)	0	0	**(67,839)**	(5,956)

9. Capital Commitments

As at 31 March 2016, the Council was committed to capital contracts which will cost approximately £15.660m (£24.435m in 2014/15). Major contracts include the following schemes:

	2014/15 £000	**2015/16 £000**
HRA Low Rise Block Programme	2,150	**3,661**
HRA Minor Structural & Other Minor Works	1,795	**2,085**
HRA High Rise Block Programme	1,353	**652**
HRA Heating	1,286	**821**
HRA CCTV	985	**170**
HRA Re-Roofing	829	**292**
HRA Lifts	650	**0**
HRA Acquisitions & New Build	0	**411**
Fordbridge & Coleshill Heath New Schools	5,281	**0**
A45 South Bridge Replacement	5,212	**1,421**
Chelmund's Cross Village Centre	2,830	**3,518**
Solihull Gateway	1,249	**25**
Relocation of Data Centre	815	**38**
Blossomfield Infant School	0	**1,387**
Solihull Lode Lane Road Improvement	0	**878**
St. Anthony's Primary School	0	**301**
Total	24,435	**15,660**

10. Revaluations

The freehold and leasehold properties which comprise the Council’s portfolio were originally valued as at 31 March 1994 and are re-valued on a rolling programme using the under-mentioned bases. This has been done in accordance with the practice statement in the Appraisal of Valuation Manual issued by the Royal Institution of Chartered Surveyors (RICS). The valuer is an internal RICS-qualified surveyor, all valuations were carried out internally. Not all the properties were inspected as this was neither practicable nor considered by the valuer to be necessary for the purpose of the valuation. Since then all non-current assets have been re-valued over a five year rolling programme. Assets included in the Balance Sheet at fair value are revalued sufficiently regularly, and as a minimum every five years, to ensure that their carrying amount is not materially different from their fair value at the year-end. Fair value is determined as the amount that would be paid for the asset in its existing use (existing use value).

Properties regarded as operational were valued on the basis of Fair Value and operational properties of a specialist nature were valued on the basis of Depreciated Replacement Cost (DRC). Council dwellings are on the basis of fair value, determined using the basis of existing use value for social housing. Properties regarded by the Council as non-operational have been valued on the basis of open market value. Should any circumstances arise which would result in a material change to a property’s valuation, the Council would prioritise revaluing that asset.

The significant assumptions applied in estimating the fair values are:
- Fair Value is: 'The amount for which an asset could be exchanged, between knowledgeable, willing parties, in an arms length transaction';
- Fair value represents the price that would be reasonably agreed between two specific parties for the exchange of an asset;
- Although the parties may be unconnected and negotiating at arms length, the asset is not necessarily exposed in the wider market and the price agreed may be one that reflects the specific advantages (or disadvantages) of ownership to the parties involved rather than the market at large;
- In accounting standards, fair value is normally equated to market value;
- Fair value is a broader concept than market value. Although in many cases the price that is fair between two parties will equate to that obtainable in the general market, there will be cases where the assessment for Fair value will involve taking into account matters that have to be disregarded in the assessment of market value.

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

2015/16	**Valued at Historical Cost**	**Valued at Current/ Fair Value**				**Total**
		2012/13	**2013/14**	**2014/15**	**2015/16**	
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Council Dwellings	0	0	0	0	319,279	**319,279**
Other Land and Buildings [1]	136	49,780	194,644	6,859	187,507	**438,926**
Vehicles, Plant and Equipment	11,436	0	0	0	0	**11,436**
Infrastructure	103,821	0	0	0	0	**103,821**
Community Assets	12,265	0	0	0	0	**12,265**
Assets Under Construction	19,131	0	0	0	0	**19,131**
Heritage Assets	950	0	0	0	0	**950**
Investment Property	(79,013)	0	0	0	89,422	**10,409**
Intangible Assets	1,030	0	0	0	0	**1,030**
TOTAL	**69,756**	**49,780**	**194,644**	**6,859**	**596,208**	**917,247**

[1] The following table provides a breakdown of the Other Land & Buildings category in 2015/16 and 2014/15 to show the value of school land and buildings. This gives additional information on the Council's non-current assets to show the impact of the conversion of schools to academy status.

The Other Land and Buildings Assets are analysed as follows:	2014/15	**2015/16**
	£000	**£000**
School Land and Buildings	249,896	**220,632**
Non-school Other Land and Buildings	129,122	**218,294**
Total	379,018	**438,926**

2014/15	Valued at Historical Cost	Valued at Current/ Fair Value				Total
		2011/12	2012/13	2013/14	2014/15	
	£000	£000	£000	£000	£000	£000
Council Dwellings	0	0	0	0	310,582	**310,582**
Other Land and Buildings [1]	429	52,251	73,868	243,298	9,172	**379,018**
Vehicles, Plant and Equipment	10,815	0	0	0	0	**10,815**
Infrastructure	97,341	0	0	0	0	**97,341**
Community Assets	12,205	0	0	0	0	**12,205**
Assets Under Construction	26,149	0	0	0	0	**26,149**
Heritage Assets	950	0	0	0	0	**950**
Investment Property	0	0	0	0	89,422	**89,422**
Intangible Assets	1,389	0	0	0	0	**1,389**
TOTAL	**149,278**	**52,251**	**73,868**	**243,298**	**409,176**	**927,871**

11. Investment Property

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 but does fund repairs and maintenance with a view to maximising income and proceeds of disposal.

The following table summarises the movement in the fair value of investment property over the year:

2014/15		**2015/16**
£000		**£000**
84,832	**Balance at start of the year**	**89,422**
906	Additions	**66**
(737)	Disposals	**(5)**
3,900	Net gains from fair value adjustments	**114**
521	Reclassifications *	**(79,188)**
89,422	**Balance at end of the year**	**10,409**

* In response to the revision of the Council Plan and its priorities, in 2015/16 a review of classification for investment properties was undertaken to ensure the reasons for holding the investment properties had not changed. This was undertaken by applying a criteria test. Properties that have been reclassified under this criteria have been assessed as having an operational purpose, rather than solely to earn rentals and/or for capital appreciation.

For all properties where a fair value review has been conducted, fair values were based on multiplying an estimated net income by an appropriate investment yield or having regard to the capital value of similar assets. The net income figure is based on market rent. All comparable evidence used for valuing this class of assets has been ranked into three tier groups. All assets have been assessed as tier two. There has been no change in the valuation techniques used during the year for investment properties. In estimating the fair value of the Council's investment properties, the highest and best use is their current use. The following table is a breakdown of the tier two valuations between recurring and non recurring.

	2015/16 £000
Balance at end of the year	**10,409**
Recurring Level 2 Fair Value	**10,292**
Non Recurring Level 2 Fair Value	**117**

12. 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 Council currently has no internally generated 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 useful lives assigned to the major software suites used by the Council are:

3 Years All
5 Years Oracle Financials

The movement on intangible asset balances during the year is as follows:

2014/15 Total Software Licences £000		**2015/16 Total Software Licences £000**
1,210	Certified Valuation at 31 March	**2,044**
(343)	Accumulated Amortisation and Impairment	**(655)**
867	**Net Book Value of Assets at start of the year**	1,389
775	Purchases	**238**
151	Reclassifications	**0**
(404)	Amortisation	**(597)**
1,389	**Net Book Value of Assets at end of the year**	1,030

The carrying amount of intangible assets is amortised on a straight line basis.

13. Financial Instruments - Summary

Financial Instruments, as defined by the CIPFA Code of Practice, include only amounts due under a contractual arrangement.
Therefore, the debtors, creditors, payments in advance and receipts in advance figures included within the summary below, and in Notes 14 and 15 which follow, include only those balances which the Council considers to be due or receivable under a contractual arrangement, and therefore will differ to the figures in the Balance Sheet.

The financial instruments carried in the balance sheet are summarised as follows:-

	Long-Term		Short Term	
	31 March 2015	**31 March 2016**	31 March 2015	**31 March 2016**
	£000	**£000**	£000	**£000**
Financial assets				
Investments	39,359	**41,323**	23,184	**34,305**
Debtors and other receivables	1,612	**1,421**	23,197	**35,695**
Total financial assets	40,971	**42,744**	46,381	**70,000**
Financial liabilities				
Borrowings	(248,847)	**(247,954)**	(11,540)	**(17,873)**
PFI and finance lease liabilities	(60,900)	**(58,832)**	(2,709)	**(2,810)**
Creditors and other payables	0	**0**	(31,173)	**(30,335)**
Total financial liabilities	(309,747)	**(306,786)**	(45,422)	**(51,018)**

Transfers between Levels of the Fair Value Hierarchy
The Fair Value hierarchy is defined within Note 50 - Accounting Policies, policy no.4 - Fair Value Measurement.
There were no transfers between input levels during the year.

Changes in Valuation Technique
There has been no change in the valuation technique used during the year for the financial instruments.

Reconciliation of Fair Value Measurements for Financial Assets Carried at Fair Value Categorised within Level 3 of the Fair Value Hierarchy for Financial Assets

2015/16	Unquoted Shares	Other	**Total**
	£000	£000	**£000**
Opening balance at 1 April	39,156	0	**39,156**
Transfers into Level 3	0	0	**0**
Transfers out of Level 3	0	0	**0**
Total gains or losses for the period:			
Included in Other Comprehensive Income and Expenditure	1,439	0	**1,439**
Additions	0	0	**0**
Disposals	(1,475)	0	**(1,475)**
Closing Balance at 31 March	**39,120**	**0**	39,120

2014/15	Unquoted Shares	Other	**Total**
	£000	£000	**£000**
Opening balance at 1 April	40,747	0	**40,747**
Transfers into Level 3	0	0	**0**
Transfers out of Level 3	0	0	**0**
Total gains or losses for the period:			
Included in Other Comprehensive Income and Expenditure	(491)	0	**(491)**
Additions	0	0	**0**
Disposals	(1,100)	0	**(1,100)**
Closing Balance at 31 March	**39,156**	**0**	**39,156**

Gains and losses included in Other Comprehensive Income and Expenditure for the current and the previous year relate to the unquoted shares in Birmingham Airport Ltd and Coventry and Solihull Waste Disposal Company Ltd and are taken to the Available for Sale Financial Instruments Adjustment Account. These are reported in the surplus or deficit on revaluation of available for sale financial assets line in the Comprehensive Income and Expenditure Statement

A more detailed analysis of the amounts reported here is provided in Notes 14 and 15 which follow.

14. Fair values of Assets and Liabilities

a) Financial Assets measured at Fair Value

Some of the authority's financial assets are measured in the balance sheet at fair value on a recurring basis, these are disclosed within Note 15 to the accounts.

b) The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value

Except for the financial assets carried at fair value (as detailed within Note 15), all other financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price (Level 2). As an alternative, we have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which could be viewed as a proxy for transfer value);

- For non-PWLB loans payable, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures (level 2);

- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount;

- No early repayment or impairment is recognised;

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values of the financial assets calculated are as follows:

	31 March 2015 Carrying amount £000	31 March 2015 Fair value £000	**31 March 2016 Carrying amount £000**	**31 March 2016 Fair value £000**
Long term financial assets				
Loans and receivables - long term				
Money market loans (> 1 year)	0	0	**2,000**	**2,000**
Available-for-sale financial assets:				
- No active market: valuation	39,156	39,156	**39,120**	**39,120**
- No active market: equity instruments	203	203	**203**	**203**
sub-total available-for-sale financial assets	39,359	39,359	**39,323**	**39,323**
Other long term receivables				
Long term debtors	1,612	1,612	**1,421**	**1,421**
Sub-total long term financial assets	40,971	40,971	**42,744**	**42,744**
Short term financial assets				
Loans and receivables - short term				
Cash equivalents	3,457	3,457	**6,866**	**6,866**
Money market loans (< 1 year) [3]	23,077	23,077	**34,081**	**34,081**
Insurance liability fund	107	107	**224**	**224**
Sub-total loans and receivables - short term	26,641	26,641	**41,171**	**41,171**
Other short term receivables [1]				
Short term debtors [2]	15,872	15,872	**25,020**	**25,020**
Payments in advance [2]	3,868	3,868	**3,809**	**3,809**
sub-total short term receivables	19,740	19,740	**28,829**	**28,829**
Sub-total short term financial assets	46,381	46,381	**70,000**	**70,000**
Total financial assets	**87,352**	**87,352**	**112,744**	**112,744**

[1] Short term debtors and payments in advance in the above table include only those balances which the Council considers are receivable under a contractual arrangement, as per the CIPFA Code of Practice, and therefore will differ to the figures in the Balance Sheet.

[2] Short term debtors and payments in advance are carried at cost as this is a fair approximation of their value.

[3] Timing changes in capital projects combined with an increase in reserve levels have led to higher year end assets. These amounts have been invested, on a short term basis, until they are required.

The fair values of the financial liabilities calculated are as follows:

	31 March 2015		**31 March 2016**	
	Carrying amount	Fair value	**Carrying amount**	**Fair value**
	£000	£000	**£000**	**£000**
Long term financial liabilities				
Financial liabilities at amortised cost				
Borrowing - PWLB [1]	(204,162)	(304,273)	**(203,856)**	**(310,233)**
Borrowing - Dudley MBC debt [2]	(8,510)	(10,354)	**(7,976)**	**(9,659)**
Borrowing - Walsall MBC debt	(706)	(859)	**(659)**	**(798)**
Borrowing - other long term loans [3]	(35,469)	(45,367)	**(35,463)**	**(54,803)**
Sub-total long term financial liabilities at amortised cost	(248,847)	(360,853)	**(247,954)**	**(375,493)**
Financial liabilities at fair value through profit and loss				
PFI liabilities and similar contracts [5]	(57,192)	(57,192)	**(55,176)**	**(55,176)**
Finance lease liabilities	(3,708)	(3,708)	**(3,656)**	**(3,656)**
Sub-total long term financial liabilities at fair value through profit and loss	(60,900)	(60,900)	**(58,832)**	**(58,832)**
Sub-total long term financial liabilities	(309,747)	(421,753)	**(306,786)**	**(434,325)**
Short term financial liabilities				
Financial liabilities at amortised cost				
PWLB	(1,903)	(1,903)	**(1,913)**	**(1,913)**
Dudley MBC debt [2]	(485)	(485)	**(534)**	**(534)**
Walsall MBC debt	(43)	(43)	**(47)**	**(47)**
Other short term loans [3]	(172)	(172)	**(169)**	**(169)**
Sub-total short term financial liabilities at amortised cost	(2,603)	(2,603)	**(2,663)**	**(2,663)**
Financial liabilities at fair value through profit and loss				
Bank overdraft	(8,937)	(8,937)	**(15,210)**	**(15,210)**
PFI and finance lease liabilities [5]	(2,709)	(2,709)	**(2,810)**	**(2,810)**
Short term creditors [4]	(25,576)	(25,576)	**(24,824)**	**(24,824)**
Receipts in advance [4]	(5,597)	(5,597)	**(5,511)**	**(5,511)**
sub-total short term financial liabilities at fair value through profit and loss	(42,819)	(42,819)	**(48,355)**	**(48,355)**
Sub-total short term financial liabilities	(45,422)	(45,422)	**(51,018)**	**(51,018)**
Total financial liabilities	**(355,169)**	**(467,175)**	**(357,804)**	**(485,343)**

[1] The fair value of Public Works Loan Board (PWLB) loans of £310.233m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB redemption interest rates. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates. A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £203.856m would be valued at £256.226m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £106.377m for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £310.233m.

[2] Dudley MBC debt relates to the residual debt liabilities of the West Midlands County Council; all borrowing within this fund matures by 2026.

[3] Other loans are a mixture of fixed and variable rate LOBO (Lender Option, Borrower Option) loans. These loans were taken out to take the opportunity of enjoying advantageous borrowing rates over that offered by the PWLB at that time, and also to mitigate refinancing risk.

[4] Short term creditors and receipts in advance in the above table include only those balances which the Council considers are due under a contractual arrangement, as per the CIPFA Code of Practice, and therefore will differ to the figures in the Balance Sheet.

[5] The table above provides fair values for the debt we are legally obliged to pay. No fair value has been provided in relation to PFI liabilities and similar contracts. The Council's financial obligation is to pay the unitary charge. The obligation for the debt remains with the service provider and therefore the Council does not have an obligation for this third party debt or to disclose a fair value. Some authorities have interpreted the guidance differently and disclosed this information in their accounts. The Council's equivalent fair value totals £106.110m.

15. Available-for-sale Financial Assets

a. No active market (Valuation)

	Input Level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2015 £000	31 March 2016 £000
Birmingham Airport Holdings Ltd				
- Ordinary Shares *	Level 3	Earning based valuation	12,770	**14,318**
- Preference Shares			1,578	**1,469**
Coventry & Solihull Waste Disposal Company Ltd				
- Ordinary Shares *	Level 3	Earning based valuation	23,333	**23,333**
- Preference Shares			1,475	**0**
Total			39,156	**39,120**

* In line with the accounting policy on the valuation of assets, a full valuation will be required for the Council's shareholding investment in Birmingham Airport Holdings Ltd and the Coventry and Solihull Waste Disposal Company Ltd every five years. In the meantime an annual desktop exercise will be required to assess whether there has been a material change in the valuation.
The results of the work required to undertake the desktop valuation for this year's Accounting Statement are reflected in the figures above.

Birmingham Airport Holdings Ltd (BAH)

The main ordinary shareholders of BAH are the seven West Midlands Metropolitan Councils. Together they own 49% of BAH's 324 million ordinary shares of 1p each, with Solihull Council holding 3.75% of total shares issued. These shares are not quoted on any Stock Exchange.

Airport Group International Ltd (AGIL), a company owned by Ontario Teachers' Pension Plan, own 48.25% of the ordinary shares. The remaining shares (2.75%) are held by the Employees' Share Trust. The Shareholders' Agreement provides for the Metropolitan Councils to cast their 49% vote at company Main Board and General Meetings in one block. The vote of 75% of ordinary shareholders is required for certain major decisions of the company.

The Metropolitan Councils together own all £19.222m of BAH's 6.31% preference shares (Solihull Council owns £1.469m) which are cumulative and redeemable.

The review of the valuation undertaken in July 2015 resulted in an increase in the value of the Council's shareholding to £15.787m, which is reflected in the Council's Balance Sheet.

BAH was incorporated on 4 February 1997 and commenced trading on 26 March 1997. The BAH Group accounts incorporate Birmingham International Airport Ltd, Euro Hub (Birmingham) Ltd, Birmingham Airport Developments Ltd, First Castle Developments Ltd, Birmingham Airport (Finance) plc and BHX Fire and Rescue Ltd. The principal activity of the Group is the operation and management of Birmingham International Airport and the provision of facilities and services associated with those operations. During this year dividends were due to the Council of £3.682m (2014/15: £0.627m), including a one-off dividend of £2.849m. Ground rent of £0.057m was also receivable in the year (2014/15: £0.057m).

A copy of the BAH's accounts is available from:
The Company Secretary
Birmingham Airport Holdings Ltd
Birmingham International Airport
Birmingham B26 3QJ

Coventry & Solihull Waste Disposal Company Ltd

In accordance with directives received from the government exercising powers under the Environmental Protection Act 1990, Solihull Council, in conjunction with Coventry City Council, set up a wholly owned company for the disposal of waste arising from the two Authorities. The company was in the ownership of Coventry City Council from formation in 1975 until the assets were vested into the limited company in 1994.

The Company was vested on 31 March 1994 with a total share capital of £14.925m made up of 99 £1 Ordinary Shares and 14,925,000 £1 Preference Shares, of which 4,975,000 were issued to Solihull Council. During the years 2012/13 to 2014/15 10,500,000 of these Preference Shares were redeemed, of which 3,500,000 were for Solihull Council, resulting in total capital receipts of £3.500m to the Council.

The final holding of 4,425,000 preference shares have been redeemed in 2015/16, of which 1,475,000 were for Solihull Council, resulting in a capital receipt of £1.475m. Dividend income of £0.495m (2014/15: £0.497m) was receivable for 2015/16.

Solihull Council has 33% ownership of the ordinary shares of the company with Coventry City Council owning 66%. These two shareholders benefit from any surpluses made and will contribute to any liabilities or losses the company cannot meet. These shares are not quoted on any Stock Exchange.

A copy of the Company's accounts is available from:

The Company Secretary
Coventry & Solihull Waste Disposal Company Ltd
Bar Road
Coventry
CV3 4AN

b. No active market (Equity Instruments)

	31 March 2015 £000	31 March 2016 £000
Blythe Valley Innovation Centre Ltd		
- Ordinary Shares	203	**203**

Blythe Valley Innovation Centre Ltd

On 31 March 2000 the Council acquired Ordinary 'A' shares in Blythe Valley Innovation Centre Ltd in exchange for waiving an option to acquire land at the Blythe Valley Business Park. These shares represented 25% of total shares issued, but 50% of the voting rights.

The remaining Ordinary 'B' shares (75% of total shares issued) were purchased by the Council in July 2013 from Blythe Valley JV Sarl, since when the company has been 100% owned by the Council, and is therefore consolidated in full into the Council's Group Accounts.

The Council's investment in the company is held within these single entity accounts at cost, made up of the purchase price of both the acquisitions when they took place in 2000 and 2013. This valuation differs from that included within the Group Accounts, however it has been concluded that a fair value valuation of the Council's investment would not give rise to a material change in the valuation held in the Council's single entity accounts.

The Innovation Centre, which was completed in 2001, is managed by University of Warwick Science Park Ltd and the principal activity is to provide medium term accommodation (up to three years) to organisations setting up innovative projects. The Company aims to make a profit through the charging of commercial rent.

A copy of the Company's accounts is available from:

The Company Secretary
Blythe Valley Innovation Centre Ltd
Council House
Manor Square
Solihull
B91 3QB

16. Nature and Extent of Risks Arising from Financial Instruments

a. Key Risks

The Council’s activities expose it to a variety of financial risks. The key risks are:
- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Refinancing risk - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movements.

b. Overall Procedures for Managing Risk

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 are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and investment guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - the Council's overall borrowing;
  - its maximum and minimum exposures to fixed and variable rates;
  - its maximum and minimum exposures to the maturity structure of its debt;
  - its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government guidance.

These are required to be reported and approved at or before the Council's annual council tax setting meeting or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported bi-annually to Members.

These policies are implemented by a central treasury management team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

c. Credit Risk

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

The risk from deposits with banks and financial institutions is minimised through the Annual Investment Strategy, which requires that deposits are not made unless they meet the minimum requirements of the Council's investment criteria; which are aligned with the Fitch, Moody's and Standard & Poor's credit rating services. The Annual Investment Strategy also imposes maximum amounts and time limits in respect of each financial institution.

The risk of credit exposure from the Council's customers arises from the possibility that debts raised by the Council are not collected. At 31 March 2016, £12.797m of trade debtors were held on the Accounts Receivable system awaiting payment, these are analysed by age as shown in the table below:

	31 March 2015 £000	**31 March 2016 £000**
Less than three months	6,611	**9,450**
Three to six months	335	**674**
Six months to one year	319	**1,011**
More than one year	1,474	**1,662**
Total trade debtors *	8,739	**12,797**

d. Liquidity Risk

The Council manages its liquidity position through the risk management procedures detailed in Note 16b (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a Council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

e. Refinancing and Maturity Risk

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

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

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and that the spread of longer term investments provides stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of the Council's liabilities at original cost is as follows:

	31 March 2015 £000	**31 March 2016 £000**
Less than 1 year	295	**306**
Between 1 and 2 years	306	**317**
Between 2 and 5 years	987	**1,024**
Between 5 and 10 years	5,904	**5,974**
Between 10 and 20 years	13,023	**13,209**
Between 20 and 30 years	36,926	**37,194**
Between 30 and 40 years	69,449	**78,571**
Between 40 and 50 years	107,566	**97,566**
More than 50 years	5,000	**5,000**
Total	239,456	**239,161**

All trade and other payables are due to be paid in less than one year.

The figures included in the above table are based on the principal amounts borrowed and will differ from the total borrowing in the Balance Sheet because of the requirement to include accrued interest within current liabilities in the Balance Sheet.

f. Market Risk (Interest Rate Risk)

The Council is exposed to interest rate movements on its borrowings and investments. Of the £239m debt held as at 31 March 2016, £35m was at variable interest rates and £204m was at fixed interest rates. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the CI&ES would rise;
- borrowings at fixed rates – the fair value of the borrowing liability would fall;
- investments at variable rates – the interest income credited to the CI&ES would rise;
- investments at fixed rates – the fair value of the assets would fall.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income & Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments would be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from government grants. Movements in the fair value of fixed rate investments that have a quoted market price would be reflected in Other Comprehensive Income & Expenditure.

The Council has a number of strategies for managing interest rate risk. 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. From this Strategy, a treasury indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury management team will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

If all interest rates had been 1% higher during 2015/16 (with all other variables held constant) the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	250
Increase in interest receivable on variable rate investments	(585)
Impact on deficit on Provision of Services in CI&ES	**(335)**
Decrease in fair value of fixed rate investment assets	179
Impact on Other Comprehensive Income and Expenditure	**179**
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	57,714

These assumptions are based on the same methodology as used in Note 14 - Fair values of Assets and Liabilities.

g. Price Risk

The shares held in Birmingham Airport Holdings Ltd and Coventry and Solihull Waste Disposal Company Ltd are classified as 'available-for-sale', meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income & Expenditure.

h. Foreign Exchange Risk in relation to Icelandic Deposits

The Council has foreign exchange rate exposure resulting from the settlement received from Glitnir Bank. This is currently being held in Icelandic Kroner in an escrow account due to the imposition of currency controls.

i. Icelandic Bank Investments

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander (KSF) went into administration. The Council had £3.000m deposited across three of these institutions, with varying maturity dates and interest rates.

Investments included in the assets figure in the Balance Sheet include the following investments that have been impaired:

Bank	Date Invested	Maturity Date	Amount Invested £000	Interest Rate %	Carrying Amount in Balance Sheet £000
Glitnir	07/12/07	05/12/08	1,000	6.29%	6
Landsbanki Bank	31/03/07	31/03/09	1,000	5.90%	0
Kaupthing Singer Friedlander Bank	02/04/08	31/03/09	1,000	6.40%	14
Total			3,000		20

The net impairment (principal plus interest received) recognised in the CI&ES in 2015/16 of £0.007m has been calculated by discounting the assumed cash flows at the effective rate of interest of the original deposits in order to recognise the anticipated loss of interest to the authority until monies are recovered. Adjustments to the assumptions will be made in future accounts as more information becomes available.

The carrying amounts of the investments included in the Balance Sheet have been calculated using the present value of the expected repayments, discounted using the investment's original interest rate, and repayments received to date.

A reserve created from the Treasury Management surplus in 2008/09 protects against any potential loss of the principal sums invested. The reserve was originally £3.000m but following repayments of principal and interest, prior to 2015/16, a total of £2.962m of the reserve has been released towards the Council's budget strategy.

£0.018m of the reserve was released in 2015/16 to reflect a repayment in relation to the Kaupthing Singer and Friedlander Ltd debt . This leaves a balance in the reserve of £0.020m.

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

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

17. Gains and Losses Recognised in the Comprehensive Income & Expenditure Statement

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments for 2015/16 and 2014/15 are made up as follows :

2015/16	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Available for sale	Assets and Liabilities at fair value through CI&ES	**Total**
	£000	£000	£000	£000	**£000**
Interest payable	16,286	0	0	0	**16,286**
Total expense in Deficit on Provision of Services	16,286	0	0	0	**16,286**
Total investment interest and other investment income in Deficit on the Provision for Services	0	(568)	(4,177)	0	**(4,745)**
(Surplus) or deficit arising on revaluation of financial assets in Other CI&ES	0	0	(1,439)	0	**(1,439)**
Net (gain)/loss for the year on Financial Instruments	16,286	(568)	(5,616)	0	**10,102**

2014/15	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Available for sale	Assets and Liabilities at fair value through CI&ES	**Total**
	£000	£000	£000	£000	**£000**
Interest payable	15,910	0	0	0	**15,910**
Total expense in Deficit on the Provision of Services	15,910	0	0	0	**15,910**
Total investment interest and other investment income in Deficit on the Provision for Services	0	(171)	(1,322)	(22)	**(1,515)**
(Surplus) or deficit arising on revaluation of financial assets in Other CI&ES	0	0	491	0	**491**
Net (gain)/loss for the year on Financial Instruments	15,910	(171)	(831)	(22)	**14,886**

18. Short Term Debtors (less than one year)

31 March 2015			31 March 2016
£000		£000	£000
8,297	Central government bodies [1]		**5,005**
1,510	Other local authorities [2]		**5,063**
2,074	NHS bodies		**2,531**
21,875	Other entities and individuals [3]	**27,589**	
(8,609)	Impairment allowance	**(9,090)**	
	Other entities and individuals (net of impairment allowance)		**18,499**
25,147	**Total**		**31,098**

[1] 2014/15 Central government debtors included funding of £2.309m owed for a number of large capital projects, notably for A45 bridge works.

[2] The increase in local authority debtors is due to increased amounts of capital funding now allocated by the Birmingham & Solihull Local Enterprise Partnership (LEP) for local growth activity (£0.970m), these funds are receivable from Birmingham City Council. There is also £1.208m owing from the West Midlands Integrated Transport Authority for infrastructure projects.

[3] Included within short debtors owed by other entities and individuals is a dividend from Birmingham Airport of £2.849m. There is also an increase in the value of Adult Social Care debtors following the full implementation of the Care Act requirements to account for nursing and residential fees gross.

19. Long Term Debtors (greater than one year)

31 March 2015			31 March 2016
£000		£000	£000
5	Mortgages		**1**
127	Transferred debt		**94**
2,264	Other entities and individuals	**2,110**	
(784)	Impairment allowance	**(784)**	
	Other entities and individuals (net of impairment allowance)		**1,326**
1,612	**Total**		**1,421**

20. Cash and Cash Equivalents (including Bank Overdraft)

The balance of Cash and Cash Equivalents (including Bank Overdraft) is made up of the following elements:

31 March 2015			31 March 2016
£000		£000	£000
32	Cash floats held by the Council	**32**	
3,425	Cash Equivalents	**6,834**	
3,457	**Cash and cash equivalents**		**6,866**
(8,937)	Bank Overdraft		**(15,210)**
(5,480)	**Total**		**(8,344)**

21. Payments in Advance

31 March 2015 £000		**31 March 2016 £000**
1	Other local authorities	**13**
1,859	Coventry & Solihull Waste Disposal Company	**1,907**
2,008	Other entities and individuals	**1,889**
3,868	**Total**	**3,809**

22. Short Term Creditors (less than one year)

31 March 2015 £000		**31 March 2016 £000**
(1,207)	Central government bodies [1]	**(5,990)**
(3,254)	Other local authorities	**(2,758)**
(882)	NHS bodies	**(1,440)**
0	Public corporations and trading funds	**(28)**
(28,785)	Other entities and individuals	**(27,651)**
(34,128)	**Total**	**(37,867)**

[1] Central government creditors includes £3.130m (2014/15: £0.754m) owed to the Department of Work and Pensions relating to housing benefit overpayments received. These will be offset against the payments to be received in 2016/17. There is also an increase to the creditor owed to the Department for Communities and Local Government in respect of non domestic rates of £1.483m as a result of a number of late changes to the ratings schedule and an increase in the appeals provision, partly offset by a reduction in the government's share in the brought forward deficit.

23. Receipts in Advance

31 March 2015 £000		**31 March 2016 £000**
(5,056)	Central government bodies	**(5,348)**
(112)	Other local authorities	**(162)**
(20)	NHS bodies	**(7)**
(3,239)	Council tax payers	**(2,621)**
(1,881)	Non-domestic rates	**(1,387)**
(3,584)	Other entities and individuals	**(4,117)**
(13,892)	**Total**	**(13,642)**

24. Provisions

	Business Rates Appeals £000	Insurance £000	Closed Landfill Sites £000	Residential Properties Compensation £000	Commercial Properties Rent £000	Other Provisions £001	**Total £000**
Balance at 1 April 2015	(4,217)	(2,223)	(246)	0	(173)	(27)	**(6,886)**
Provisions made in 2015/16	(2,101)	(220)	0	(94)	0	(61)	**(2,476)**
Amounts used in 2015/16	473	411	9	0	173	27	**1,093**
Balance at 31 March 2016	**(5,845)**	**(2,032)**	**(237)**	**(94)**	**0**	**(61)**	**(8,269)**
Likely Year of Defrayment							
2016/17	4,700	820	9	94	0	61	**5,684**
Total Short Term	**4,700**	**820**	**9**	**94**	**0**	**61**	**5,684**
2017/18	1,145	404	9	0	0	0	**1,558**
2018/19	0	283	9	0	0	0	**292**
2019/20	0	242	9	0	0	0	**251**
2020/21	0	202	9	0	0	0	**211**
2021/22	0	81	9	0	0	0	**90**
2022/23 - 2042/43	0	0	183	0	0	0	**183**
Total Long Term	**1,145**	**1,212**	**228**	**0**	**0**	**0**	**2,585**
Total Defrayment	**5,845**	**2,032**	**237**	**94**	**0**	**61**	**8,269**

24. Provisions (continued)

Further details of the main provisions are given below

Business Rates Appeals
Since 1 April 2013, local authorities have assumed the liability for refunding any business rate payers who successfully appeal against the rateable value of their properties on the rating list. This includes amounts that are backdated as far back as April 2005. The provision is in in place to meet this liability, based on the best estimate of the expenditure that will be required to settle the successful appeals.

Insurance
The insurance provision has been set aside to bear costs to be incurred in respect of self insurance risks which are not covered by the Council's external insurance policies. Known claims are provisions, those that are potential claims, known as Incurred But Not Reported (IBNR) or incurred but not yet known claims are held in the reserve. An allowance is made for an element of self funding by the Council in respect of Public Liability, Employers' Liability, Officials' Indemnity and Libel and Slander. The insurance provision also includes an 'General Property Fund' provision for the 'deductibles' payable on fire, theft & malicious damage claims to the Council's corporate buildings as well as for damage caused to the Council's motor fleet.

A scheme of arrangement was put in place by the administrators of the Municipal Mutual Insurance company (MMI). The scheme was triggered in November 2012. This allows payments made on the Council’s behalf since October 1993 to be recovered by the administrator to ensure the run off company has sufficient funds to pay ongoing legacy claims that are incurred. An initial payment was made in February 2014 for £0.320m and notification has been received of a further payment to be made in April 2016 due to a further 10% call on the levy which is estimated at £0.220m. Both payments include the residual liability of the former West Midlands County Council. This levy payments now represent 25% of claims paid. The Council has a dedicated MMI fund which has been set aside to ensure that we can fulfil our likely committments to the scheme administrator up to a total recovery value of 50% of all claims paid, with a strategy to increase this to 60% over the next three years.

Closed Landfill Site
In 2012/13 the Council created a new capital provision under IAS 37 to meet the after care costs of a closed landfill site. These costs have been estimated on the basis of the Landfill management plan. It is estimated that this provision will be required for a further period of 26 years. The adequacy of the provision will be reviewed on a regular basis over the period it is required.

25. Pooled Budgets

The Council has established partnership agreements with Solihull Clinical Commissioning Group (CCG), formerly Solihull NHS Care Trust, using powers under Section 75 of the Health and Social Care Act 2012 to create single ‘pooled budgets’ within an integrated service. Known as Section 75 Agreements, they are intended to provide a more joined up service for users:

(i) Better Care Fund

The Better Care Fund came into operation from 1 April 2015, under the directives of The Care Act 2014. The Act requires Clinical Commissioning Groups (CCGs) and local authorities to establish joint funding and commissioning arrangements for the provision of integrated health and social care services in their region. Note that these are in addition to the existing pooled budgets described in section (ii).

Solihull CCG and the Council have agreed the funding and management arrangements for these services as follows:

The Council as Commissioner

The following funding is received and managed by the Council and the relevant income and expenditure is included within the Council's accounts:

	2014/15 £000	**2015/16 £000**
Section 256 NHS transfer	(3,264)	**(3,412)**
Section 256 additional NHS transfer - Better Care Fund implementation	(725)	**(758)**
Carers' strategy [2]	(350)	**(350)**
Care Act - implementation of new duties	0	**(537)**
Protecting adult social care	0	**(1,763)**
sub-total Revenue grants [1]	(4,339)	**(6,820)**
Disabled Facilities Grants	(778)	**(910)**
Adult social care capital grant	(477)	**(485)**
sub-total Capital grants	(1,255)	**(1,395)**
Total	(5,594)	**(8,215)**

[1] Revenue grants received through the Better Care Fund included within the Council's CI&ES are credited to gross income - Adult social care.

[2] £0.086m of the Carers' strategy funding in 2014/15 was previously included within the pooled budget arrangements detailed in part (ii) overleaf.

The Council and Solihull CCG as Joint Commissioners

The following funding is received by the Council and managed under joint arrangements; the relevant share of income and expenditure is included within the Council's accounts:

	2014/15 * £000	**2015/16 £000**
Local Authority : Re-ablement Services *	(1,095)	**(1,126)**
Local Delivery Resource Plan *	(792)	**(792)**
	(1,887)	**(1,918)**

* The 2014/15 figures shown were previously included within the pooled budget arrangements detailed in part (ii) overleaf.

Solihull CCG as Commissioner

The following funding is received and managed by Solihull CCG and the relevant income and expenditure is not included within the Council's accounts:

	2014/15 * £000	**2015/16 £000**
Heart of England NHS Foundation Trust (HEFT) Community: Single Point of Access		**(1,336)**
HEFT Community: Community Out of Hospital Liaison Nursing		**(322)**
HEFT Community: Intermediate Care Services		**(656)**
Scheme 1: Admission Prevention		**(500)**
Scheme 2: Facilitated Discharge		**(406)**
Scheme 3: Falls Prevention		**(130)**
Scheme 4: Support to Care Homes		**(200)**
Scheme 5: Care Navigation		**(100)**
Scheme 6: Ambulatory Care		**(500)**
Scheme 7: Integrated Community Teams		**(800)**
Scheme 9: Dementia Diagnosis		**(31)**
		(4,981)

* Comparative information for 2014/15 is not available for those sums received and managed by Solihull CCG, as the Better Care Fund did not come into operation until 2015/16.

Better Care Fund Total	**(15,114)**

(ii) Other Pooled Budgets

	2014/15 Restated [1] £000	**2015/16 £000**
Funding		
Solihull CCG	(2,061)	**(1,997)**
Solihull Metropolitan Borough Council	(2,961)	**(3,136)**
Other Income	(795)	**(660)**
Total Funding	(5,817)	**(5,792)**
Spending		
Transforming Community Services [2]	5,316	**5,267**
Locally Determined Resources Plan [3]	501	**525**
Total Spending for period	5,817	**5,792**

[1] 2014/15 comparative figures have been restated in order to reflect £1.973m of funding that has now been integrated into the Better Care Fund.

[2] A pooled budget is in place to jointly fund the health and social care elements of integrated residential services for clients with learning disabilities and the Joint Equipment Store. The pooled budget is hosted and managed by the Council, under the governance of a Joint Commissioning Board.

[3] The Locally Determined Resources Plan (LDRP) was developed to jointly support integrated health and social care services in Solihull, and to ensure the best use is made of combined resources to promote health and wellbeing and good quality care.

(iii) Joint Commissioning Pooled Fund

The following joint health and social care commissioning posts are employed by the Council, with the employment costs shared between the partners as follows:-

Post	CCG	SMBC
Joint Strategic Commissioner (Mental Health)	80%	20%
Joint Strategic Commissioner (Disability)	20%	80%
Commissioning Officer (Learning Disability)	20%	80%
Commissioning Officer (Mental Health)	40%	60%
Commissioning Officer (Children's Health)	100%	0

(iv) Contributions to Voluntary Organisations

The CCG pays the Council annually the following sums, for contracted services to voluntary organisations paid by the Council on the CCG's behalf:

	Amount (£000)
Alzheimer's Society	96
Ashram	59
Independent Advocacy	53
Solihull Bereavement Counselling	16
TOTAL	**224**

26. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 6 and 7.

27. Unusable Reserves

The balance of the Council's unusable reserves are summarised in the following table, the movements are detailed individually in the tables that follow:

31 March 2015 £000		**31 March 2016 £000**	Note
(152,981)	Revaluation Reserve	**(161,323)**	a
(384,143)	Capital Adjustment Account	**(365,103)**	b
(32,528)	Available for Sale Financial Instruments Reserve	**(33,967)**	c
(294)	Financial Instruments Adjustment Account (FIAA)	**(166)**	d
251,620	Pensions Reserve	**233,660**	e
3,385	Collection Fund Adjustment Account	**1,924**	f
2,473	Accumulated Absences Account	**1,993**	g
(312,468)	Total unusable reserves	**(322,982)**	

a. 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 1 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.

2014/15 £000		**2015/16 £000**	**£000**
(148,597)	**Balance at 1 April**		**(152,981)**
(16,373)	Upward revaluation of assets	**(33,903)**	
968	Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services in the CI&ES	**19,843**	
			(14,060)
5,319	Difference between fair value depreciation and historical cost depreciation		**5,703**
5,702	Disposals and transfers to Investment Property		**15**
(152,981)	**Balance at 31 March**		**(161,323)**

b. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CI&ES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the 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 Council. 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.

2014/15 £000		2015/16 £000	2015/16 £000
(387,275)	**Balance at 1 April**		**(384,143)**
	Reversal of items relating to capital expenditure debited or credited to the CI&ES:		
28,897	Charges for depreciation on non current assets	**30,603**	
904	Charges for impairment on non current assets	**3,101**	
5,124	Revaluation Loss on Property, Plant and Equipment	**18,039**	
404	Amortisation of Intangible non-current Assets	**597**	
6,420	Revenue expenditure funded from capital under statute	**9,592**	
24,202	Amounts of non-current assets written off on disposal or sale as part of the loss on disposal to the CI&ES	**18,774**	
65,951			**80,706**
	Adjusting amounts written out of the Revaluation Reserve		
(5,319)	Write down of the Revaluation Reserve - Depreciation	**(5,703)**	
(5,702)	Write down of the Revaluation Reserve - Disposals	**(15)**	
(11,021)	Net amount written out of the cost of non-current assets consumed in the year		**(5,718)**
	Capital Financing applied in the year:		
(4,854)	Use of the Capital Receipts Reserve to finance new capital expenditure or to set aside to reduce the net indebtedness of the authority	**(4,146)**	
(9,584)	Use of the Major Repairs Reserve to finance new capital expenditure	**(12,003)**	
(18,954)	Use of Capital Grants and Contributions credited to the CI&ES	**(27,239)**	
0	Application of grants from the Capital Grants Unapplied Account to fund capital expenditure	**(1,196)**	
(6,748)	Capital expenditure funded from revenue and reserves	**(2,962)**	
(7,965)	Statutory provision for the repayment of debt	**(8,360)**	
(48,105)			**(55,906)**
	Other Movements		
(3,900)	Movements in the market value of investment properties debited or credited to the CI&ES	**(114)**	
32	Transferred debt	**33**	
175	Loan repayment	**39**	
(3,693)			**(42)**
(384,143)	**Balance at 31 March**		**(365,103)**

c. Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

2014/15 £000		**2015/16 £000**
(33,019)	**Balance at 1 April**	**(32,528)**
491	(Upward) or downward revaluation of investments	**(1,439)**
(32,528)	**Balance at 31 March**	**(33,967)**

d. 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 benefiting 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 CI&ES when they are incurred, but reversed out of the General Fund Balance to the Account in the MIRS. 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 2016 will be charged to the General Fund over future financial years.

2014/15 £000		**2015/16 £000**	**£000**
(437)	**Balance at 1 April**		**(294)**
148	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	**134**	
(5)	Interest on stepped LOBOs credited to the CI&ES	**(6)**	
	Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements		**128**
(294)	**Balance at 31 March**		**(166)**

e. 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 CI&ES 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 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.

2014/15 £000		**2015/16 £000**	**£000**
205,797	**Balance at 1 April**		**251,620**
51,403	Remeasurements of the net defined benefit liability	**(32,410)**	
21,901	Reversal of items relating to retirement benefits debited to the Deficit on the Provision of Services in the CI&ES	**26,305**	
(15,594)	Employer's pensions contributions and direct payments to pensioners payable in the year	**(11,855)**	
(11,887)	Advance payment of pension past deficit contributions originally due in 2015/16 and 2016/17 (see Note 5)	**0**	
			(17,960)
251,620	**Balance at 31 March**		**233,660**

f. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the CI&ES as it falls due compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2014/15 £000		**2015/16 £000**	**£000**
	Balance at 1 April		
(651)	Council tax	**(2,006)**	
5,535	Non-domestic rates	**5,391**	
4,884			**3,385**
	Amount by which income credited to the CI&ES is different from income calculated for the year in accordance with statutory requirements:		
(1,355)	Council tax	**879**	
(144)	Non-domestic rates	**(2,340)**	
(1,499)			**(1,461)**
	Balance at 31 March:		
(2,006)	Council tax	**(1,127)**	
5,391	Non-domestic rates	**3,051**	
3,385	**Balance at 31 March**		**1,924**

Further details explaining the operation of the Council's Collection Fund can be found in the Collection Fund Account disclosures on pages 125 to 128.

g. 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 and flexi 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.

2014/15		2015/16	
£000		£000	£000
2,495	**Balance at 1 April**		**2,473**
(2,495)	Settlement or cancellation of accrual made at the end of the preceding year	**(2,473)**	
2,473	Amounts accrued at the end of the current year	**1,993**	
	Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		**(480)**
2,473	**Balance at 31 March**		**1,993**

28. Cash Flow Statement – Adjustments to Net Deficit on the Provision of Services for non cash movements

2014/15		2015/16
£000		£000
(28,897)	Depreciation	**(30,603)**
(6,896)	Impairments and revaluations	**(23,115)**
(404)	Amortisation	**(597)**
5,580	Net movement in pension liability	**(14,450)**
(23,102)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	**(17,299)**
3,900	Increase in fair value of investment properties	**114**
(1,494)	Increase/(decrease) in debtors	**7,260**
(62)	(Decrease) in interest debtors	**(5)**
(1,112)	(Increase) in impairment allowance	**(349)**
(190)	(Increase) in creditors	**(6,639)**
(358)	(Increase) in interest creditors	**(51)**
57	Increase in inventories	**151**
(2,193)	Other non-cash items charged to the net deficit on the provision of services	**(1,382)**
(55,171)		**(86,965)**

29. Cash Flow Statement – Operating Activities

The cash outflows for operating activities total £32.714m (2014/15: £19.365m). The IFRS Code of Practice requires separate disclosures to be made in respect of interest and dividends received and paid, these are shown in the table below:-

2014/15		2015/16
£000		£000
(381)	Interest received	**(564)**
15,079	Interest paid	**16,179**
(1,112)	Dividends received	**(1,360)**
13,586	**Included within cash flows from operating activities**	**14,255**

30. Cash Flow Statement – Investing Activities

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

2014/15 £000		**2015/16 £000**
50,426	Purchase of property, plant and equipment, investment property and intangible assets	**50,237**
12,815	Purchase of short-term and long-term investments	**36,179**
6,420	Other payments for investing activities	**9,592**
(6,553)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**(6,396)**
(15,543)	Capital grants received	**(32,093)**
(11,943)	Proceeds from short-term and long-term investments	**(24,528)**
(206)	Other receipts from investing activities	**(72)**
35,416	**Net cash flows from investing activities**	**32,919**

31. Cash Flow Statement – Financing Activities

Cash flows arising from financing activities can be useful by predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

2014/15 £000		**2015/16 £000**
(22,300)	Cash receipts of short and long term borrowing	**0**
(285)	Other movements from financing activities	**23**
2,705	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	**1,680**
7,242	Repayments of short and long-term borrowing	**956**
(12,638)	**Net cash flows from financing activities**	**2,659**

32. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the CI&ES is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across cabinet portfolios. 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 CI&ES);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- contributions to and from revenue reserves are reported to Cabinet but are not included in the CI&ES.

The income and expenditure of the Council's cabinet portfolios recorded in the year-end outturn report to Full Cabinet is shown in the table below.

Cabinet Income and Expenditure 2015/16	Education, Skills and Culture £000	Environment, Housing and Regeneration £000	Health and Wellbeing £000	Managed Growth £000	Stronger Communities and Partnerships £000	Transport and Highways £000	Leader, Resources and Delivering Value £000	**Total £000**
Fees, charges & other service income	(14,029)	(46,795)	(21,370)	(2,379)	(5,679)	(5,592)	(21,421)	**(117,265)**
Interest and Investment Income	(238)	(635)	0	0	0	0	(4,000)	**(4,873)**
Government grants	(129,008)	(1,255)	(22,200)	(4,415)	(468)	(1,169)	(63,439)	**(221,954)**
Total Income	**(143,275)**	**(48,685)**	**(43,570)**	**(6,794)**	**(6,147)**	**(6,761)**	**(88,860)**	**(344,092)**
Employee expenses	69,978	2,525	33,649	3,424	7,495	3,675	25,693	**146,439**
Employee expenses for Voluntary Aided and Foundation schools	21,270	0	0	0	0	0	0	**21,270**
Other service expenses	41,169	36,838	90,043	5,106	4,778	9,808	81,280	**269,022**
Support service recharges	12,472	2,133	1,223	166	(316)	(791)	(15,119)	**(232)**
Interest Payments	4,605	9,706	246	0	0	0	10,089	**24,646**
Total Expenditure	**149,494**	**51,202**	**125,161**	**8,696**	**11,957**	**12,692**	**101,943**	**461,145**
Transfers to/(from) reserves	(1,125)	11,707	(809)	268	(466)	(308)	6,243	**15,510**
Net Expenditure	**5,094**	**14,224**	**80,782**	**2,170**	**5,344**	**5,623**	**19,326**	**132,563**

Cabinet Income and Expenditure 2014/15 (Restated[1 & 2])	Education, Skills and Culture £000	Environmental and Housing £000	Health and Wellbeing £000	Economic Development and Land £000	Community and Partnerships £000	Transport and Highways £000	Leader and Resources £000	**Total £000**
Fees, charges & other service income [2]	(19,460)	(46,628)	(13,964)	(2,103)	(4,163)	(5,799)	(14,035)	**(106,152)**
Interest and Investment Income	(237)	(614)	0	(43)	0	0	(764)	**(1,658)**
Government grants	(131,423)	(1,656)	(17,560)	(778)	(1,076)	(1,300)	(64,605)	**(218,398)**
Total Income	**(151,120)**	**(48,898)**	**(31,524)**	**(2,924)**	**(5,239)**	**(7,099)**	**(79,404)**	**(326,208)**
Employee expenses [1]	75,237	2,735	32,174	3,850	3,019	3,644	39,921	**160,580**
Employee expenses for Voluntary Aided and Foundation schools [1]	24,089	0	0	0	0	0	0	**24,089**
Other service expenses	44,009	40,490	78,225	1,736	2,515	9,947	76,954	**253,876**
Support service recharges [2]	8,327	2,101	2,399	59	(92)	(661)	(11,659)	**474**
Interest Payments	4,885	9,892	0	0	0	0	9,098	**23,875**
Total Expenditure	**156,547**	**55,218**	**112,798**	**5,645**	**5,442**	**12,930**	**114,314**	**462,894**
Transfers to/(from) reserves	681	9,617	(278)	(210)	161	294	(12,252)	**(1,987)**
Net Expenditure	**6,108**	**15,937**	**80,996**	**2,511**	**364**	**6,125**	**22,658**	**134,699**

[1] The figures for 2014/15 have been restated to separate out Employee expenses for Voluntary Aided and Foundation schools from the Employee expenses line.

[2] Education, Skills and Culture income and support service recharges have been restated to correct for PFI unitary charges from academy schools of £4.344m.

Reconciliation of Cabinet Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of cabinet income and expenditure relate to the amounts included in the CI&ES

	2014/15 £000	**2015/16 £000**
Net expenditure in the Cabinet Analysis	134,699	**132,563**
Amounts in the CI&ES not reported to management in the Analysis (see reconciliation overleaf for further details)	23,575	**53,505**
Amounts included in the Analysis not included in the CI&ES	(19,711)	**(30,354)**
Cost of Services in the Comprehensive Income and Expenditure Statement	138,563	**155,714**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of cabinet portfolio income and expenditure relate to a subjective analysis of the Deficit on the Provision of Services included in the CI&ES.

2015/16	Cabinet Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in CI&ES net cost of services £000	**Cost of Services £000**	Corporate Amounts £000	**Total £000**
Fees, charges & other service income	(117,265)	(2,408)	7,510	**(112,163)**	0	**(112,163)**
Interest and investment income	(4,873)	128	4,745	**0**	(4,791)	**(4,791)**
Income from council tax and non-domestic rates	0	0	0	**0**	(117,111)	**(117,111)**
Government grants and contributions	(221,954)	0	3,444	**(218,510)**	(54,670)	**(273,180)**
Rent received on investment properties	0	0	0	**0**	(930)	**(930)**
Total Income	**(344,092)**	**(2,280)**	**15,699**	**(330,673)**	**(177,502)**	**(508,175)**
Employee expenses	146,439	3,599	3,668	**153,706**	7,836	**161,542**
Employee expenses for Voluntary Aided and Foundation schools	21,270	(325)	0	**20,945**	0	**20,945**
Other service expenses	269,022	171	(9,565)	**259,628**	0	**259,628**
Support Service recharges	(232)	0	0	**(232)**	0	**(232)**
Depreciation, amortisation, impairment and revaluation losses	0	52,340	0	**52,340**	0	**52,340**
Interest Payments	24,646	0	(24,646)	**0**	16,286	**16,286**
Precepts & Levies	0	0	0	**0**	11,106	**11,106**
Payments to Housing Capital Receipts Pool	0	0	0	**0**	1,564	**1,564**
Investment properties - expenses and changes in fair value	0	0	0	**0**	487	**487**
Gain or Loss on Disposal of Non-Current Assets	0	0	0	**0**	12,378	**12,378**
Total expenditure	**461,145**	**55,785**	**(30,543)**	**486,387**	**49,657**	**536,044**
Transfer to/(from) Reserves	15,510	0	(15,510)	**0**	0	**0**
Deficit on provision of services	**132,563**	**53,505**	**(30,354)**	**155,714**	**(127,845)**	**27,869**

Reconciliation to Subjective Analysis

2014/15 (Restated [1 & 2])	Cabinet Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in CI&ES net cost of services £000	**Cost of Services £000**	Corporate Amounts £000	**Total £000**
Fees, charges & other service income [2]	(106,152)	(1,535)	6,492	**(101,195)**	0	**(101,195)**
Interest and investment income	(1,658)	0	1,658	**0**	(1,515)	**(1,515)**
Income from council tax and non-domestic rates	0	0	0	**0**	(112,003)	**(112,003)**
Government grants and contributions	(218,398)	(1,290)	3,502	**(216,186)**	(51,958)	**(268,144)**
Rent received on investment properties		0	0	**0**	(4,547)	**(4,547)**
Total Income	**(326,208)**	**(2,825)**	**11,652**	**(317,381)**	**(170,023)**	**(487,404)**
Employee expenses	160,580	129	(11,887)	**148,822**	8,022	**156,844**
Employee expenses for Voluntary Aided and Foundation schools [1]	24,089	(309)	0	**23,780**	0	**23,780**
Other service expenses [2]	253,876	(2,443)	(3,895)	**247,538**	0	**247,538**
Support Service recharges	474	0	0	**474**	0	**474**
Depreciation, amortisation, impairment and revaluation losses	0	35,330	0	**35,330**	0	**35,330**
Interest Payments	23,875	0	(23,875)	**0**	15,910	**15,910**
Precepts & Levies	0	0	0	**0**	11,617	**11,617**
Payments to Housing Capital Receipts Pool	0	0	0	**0**	1,187	**1,187**
Investment property expenses and changes in fair value	0	0	0	**0**	(3,480)	**(3,480)**
Gain or Loss on Disposal of Non-Current Assets	0	0	0	**0**	16,555	**16,555**
Total expenditure	**462,894**	**32,707**	**(39,657)**	**455,944**	**49,811**	**505,755**
Transfer to/(from) Reserves	(1,987)	(6,307)	8,294	**0**	0	**0**
Deficit on provision of services	**134,699**	**23,575**	**(19,711)**	**138,563**	**(120,212)**	**18,351**

[1] The figures for 2014/15 have been restated to separate out employee expenses for Voluntary Aided and Foundation schools from the employee expenses line.

[2] Fees, charges and other service income and support service recharges have been restated for PFI unitary charges from academy schools of £4.344m.

33. Members' Allowances

The total of Members' allowances paid in the year was £0.543m (£0.540m in 2014/15).
The amounts paid are in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003.

34. Officers' Remuneration

This note contains the following three disclosures relating to officers' remuneration:-
a. Remuneration of senior officers;
b. Remuneration of officers where greater than £50,000;
c. Exit packages

Under section 38(1) of the Localism Act 2011, each Local Authority is required to produce a Pay Policy Statement for each financial year. The Council's Pay Policy Statement which is relevant to this financial year's Accounts was approved by Full Council on 3 February 2015 and can be accessed via the following link:
http://eservices.solihull.gov.uk/mgInternet/documents/s15122/Appendix%201.pdf
The notes that follow should be read in conjunction with the Pay Policy Statement if more information or context is required.

a. Remuneration of senior officers
Senior Officers' remuneration is subject to the same Performance and Development Review Framework as all Council employees (excluding schools).

The remuneration paid to the Council's senior officers is as follows (with reference to notes overleaf where applicable):

Post		Salary, Fees and Allowances £	Pension Contribution (employer's) £	Other Emoluments £	Compensation for Loss of Office £	Total Remuneration £
Chief Executive [1]	**2015/16**	**132,271**	**28,719**	**8,214**	**0**	**169,204**
	2014/15	98,518	19,204	5,636	0	123,358
Director of Business Change [2&3]	**2015/16**	**97,949**	**16,099**	**0**	**0**	**114,048**
	2014/15	107,003	22,295	6,285	0	135,583
Director of Children's Services and Skills	**2015/16**	**117,433**	**24,332**	**0**	**0**	**141,765**
	2014/15	115,309	22,693	0	0	138,002
Director of Communities and Adult Social Care	**2015/16**	**106,614**	**22,090**	**0**	**0**	**128,704**
	2014/15	104,839	20,632	0	0	125,471
Director of Governance [4]	**2015/16**	**37,000**	**4,751**	**0**	**77,392**	**119,143**
	2014/15	92,324	18,169	0	0	110,493
Director of Managed Growth	**2015/16**	**109,433**	**22,675**	**0**	**0**	**132,108**
	2014/15	109,433	21,536	0	0	130,969
Director of Public Health and Commissioning	**2015/16**	**132,330**	**18,923**	**0**	**0**	**151,253**
	2014/15	132,330	18,526	0	0	150,856
Director of Resources and Deputy Chief Executive [5]	**2015/16**	**112,106**	**23,228**	**0**	**0**	**135,334**
	2014/15	107,309	21,118	0	0	128,427

Note 34a continued

[1] The Chief Executive joined the Council in July 2014. In addition to these duties, the Chief Executive was Returning Officer at the Police and Crime Commissioner By-election in August 2014 and the local council elections in May 2015 , for which he received payments included in the Other Emoluments section above.

[2] The Director of Business Change was Acting Chief Executive from April to June 2014 in addition to his substantive role. His full remuneration is shown against the Director of Business Change post and has not been split out into the Acting role held during the year. In addition to these duties the Director of Business Change was the Returning Officer at the local council elections in May 2014, for which he received a payment included in the Other Emoluments section above.

[3] The Director of Business Change left the Council in December 2015. This post was deleted as part of the downsizing of the Council's Corporate Leadership Team.

[4] The Director of Governance left the Council in June 2015. This post was deleted as part of the downsizing of the Council's Corporate Leadership Team.

[5] The Director of Resources post was redesignated as Director of Resources and Deputy Chief Executive with effect from 1st January 2016.

b. Remuneration of officers where greater than £50,000

The Council’s employees (including teachers but excluding Senior Officers included within Note 34a) receiving more than £50,000 remuneration for the year (excluding employer’s pension contributions) were paid the following amounts:

2015/16	Total number of employees in band			Employees receiving termination packages (included in total)		
Remuneration band	**TOTAL**	Voluntary Aided and Foundation schools	Core Council and other schools	**TOTAL**	Voluntary Aided and Foundation schools	Core Council and other schools
£50,000 - £54,999	**59**	8	51	**5**	0	5
£55,000 - £59,999	**51**	4	47	**4**	0	4
£60,000 - £64,999	**39**	4	35	**2**	0	2
£65,000 - £69,999	**26**	2	24	**1**	0	1
£70,000 - £74,999	**10**	4	6	**1**	0	1
£75,000 - £79,999	**6**	0	6	**1**	0	1
£80,000 - £84,999	**11**	1	10	**2**	0	2
£85,000 - £89,999	**0**	0	0	**0**	0	0
£90,000 - £94,999	**1**	0	1	**1**	0	1
£95,000 - £99,999	**0**	0	0	**0**	0	0
£100,000 - £104,999	**1**	0	1	**1**	0	1
£105,000 - £109,999	**0**	0	0	**0**	0	0
£110,000 - £114,999 *	**2**	0	2	**1**	0	1
£115,000 - £119,999	**0**	0	0	**0**	0	0
£120,000 - £124,999	**0**	0	0	**0**	0	0
£125,000 - £129,999	**0**	0	0	**0**	0	0
£130,000 - £134,999	**0**	0	0	**0**	0	0
£135,000 - £139,999	**1**	0	1	**1**	0	1
Total	**207**	23	184	**20**	0	20

* This banding includes the Programme Director of the Greater Birmingham and Solihull Local Enterprise Partnership, who was employed by the Council from March 2015 to February 2016. However, this remuneration was reimbursed in full during the year by Birmingham City Council and Wyre Forest District Council.

2014/15	Total number of employees in band			Employees receiving termination packages (included in total)		
Remuneration band	**TOTAL**	Voluntary Aided and Foundation schools	Core Council and other schools	**TOTAL**	Voluntary Aided and Foundation schools	Core Council and other schools
£50,000 - £54,999	**72**	11	61	**1**	0	1
£55,000 - £59,999	**46**	8	38	**0**	0	0
£60,000 - £64,999	**29**	1	28	**5**	0	5
£65,000 - £69,999	**22**	6	16	**0**	0	0
£70,000 - £74,999	**10**	2	8	**1**	0	1
£75,000 - £79,999	**7**	0	7	**2**	0	2
£80,000 - £84,999	**7**	1	6	**1**	0	1
£85,000 - £89,999	**2**	0	2	**2**	0	2
£90,000 - £94,999	**1**	0	1	**1**	0	1
£95,000 - £99,999	**2**	1	1	**2**	1	1
£100,000 - £104,999	**3**	0	3	**3**	0	3
£105,000 - £109,999	**0**	0	0	**0**	0	0
£110,000 - £114,999	**0**	0	0	**0**	0	0
£115,000 - £119,999	**0**	0	0	**0**	0	0
£120,000 - £124,999	**0**	0	0	**0**	0	0
£125,000 - £129,999	**0**	0	0	**0**	0	0
£130,000 - £134,999	**0**	0	0	**0**	0	0
£135,000 - £139,999	**0**	0	0	**0**	0	0
Total	**201**	30	171	**18**	1	17

c. Exit packages

Below is the Council's disclosure of the number and cost of exit packages agreed in the year. The costs are amounts payable as a result of either the Council's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Exit package cost and (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15 £'000	**2015/16 £'000**
£0 - £20,000	12	**36**	22	**67**	34	**103**	210	**543**
£20,001 - £40,000	2	**5**	10	**18**	12	**23**	337	**654**
£40,001 - £60,000	0	**3**	9	**7**	9	**10**	454	**523**
£60,001 - £80,000	1	**2**	1	**5**	2	**7**	125	**476**
£80,001 - £100,000	0	**0**	0	**1**	0	**1**	0	**86**
£100,001 - £150,000	0	**0**	0	**1**	0	**1**	0	**104**
£150,001- £200,000	0	**0**	0	**0**	0	**0**	0	**0**
£200,001 - £250,000	0	**0**	0	**1**	0	**1**	0	**240**
£250,001- £300,000	0	**0**	0	**0**	0	**0**	0	**0**
£300,001- £350,000	0	**0**	0	**1**	0	**1**	0	**308**
Total	15	**46**	42	**101**	57	**147**	1,126	**2,934**

During 2015/16 the Council agreed a number of voluntary and compulsory redundancies. These were primarily as a result of operational changes, legislative changes, transformation of services and in order to realise savings to meet the Council's MTFS.

The service changes highlighted below are some of the main areas where exit costs have been incurred during the financial year:

Downsizing of Corporate Leadership Team/Senior Management and Support costs

A review of the Council's functional alignment was commissioned by the Corporate Leadership Team in September 2014 with the results reported through to the Remuneration Committee in February 2015 and November 2015. One recommendation from the review was to re-align some functional and senior management responsibilities. As a result the responsibilities relating to the post of Director of Governance and Director for Business Change were transferred to the Resources Directorate with both Director posts being deleted. The revised Corporate Leadership Team will provide an annual saving of £0.250m.

As part of those functional reviews it was also identified that there was an overlap in roles and responsibilities relating to the support of ICT systems between the Corporate Performance, Policy and Information function and the corporate ICT function. As a result these have been merged into one post with the resulting deletion of one post and an annual saving of £0.088m.

Early Help
The introduction of a new Early Help service in Solihull in 2015/16 was a major project involving some 10 service areas and affecting over 150 full time equivalent staff. It saw the creation of a collaborative based structure supporting a range of provision. The changes were also designed to meet in excess of £1million savings in Children's Services from 2016/17 as part of the approved Medium Term Financial Strategy. Significant severance costs from both voluntary and compulsory redundancies have been incurred as part of the implementation of the new service.

Restructures/Re-shaping
Shopmobility - It was recognised that by transferring the Shopmobility service across to Touchwood that the Council would allow a saving of £0.058m to be achieved.
Speed Aware Programme - This programme ceased in 2015/16 due to reduction in the number of surveys required. This allowed a saving of £0.025m to be achieved.
Catering - Solihull Catering Service is a Trading Service operated by the Council. In 2015/16 the service restructured in order to be prepared for significant changes such as the introduction of new technology, delivering new food standards, increases to school meal numbers by way of the introduction of Universal Infant Free School Meals and delivering services to 35 Coventry schools. Whilst this restructure did not result in a saving it was necessary to redesign the business to meet these needs in a competitive environment. All costs were funded within the Catering Service itself.

Solihull Schools
2015/16 has seen a number of redundancies take place at schools within the Borough, the cost of which totalled £0.283m.

35. External Audit Costs

The following fees relate to external audit and inspection:

	2014/15 £000	**2015/16** **£000**
Fees payable to the Auditors with regard to external audit services carried out by the appointed auditor for the year	178	**134**
Rebates received from the Audit Commission	(42)	**0**
Fees payable to the Auditors for the certification of grant claims and returns for the year	14	**14**
Fees payable in respect of other services provided by the Auditors during the year	7	**10**
Total	157	**158**

36. Grant Income

The Council has credited the following grants, contributions and donations to the Comprehensive Income & Expenditure Statement in 2014/15 and 2015/16:

	2014/15		**2015/16**	
	£000	£000	**£000**	**£000**
Credited to Taxation and Non Specific Grant Income				
Non-ring fenced government grants				
Revenue Support Grant [1]	(33,896)		**(26,417)**	
New Homes Bonus	(2,162)		**(3,054)**	
Section 31 non domestic rates grants	(1,206)		**(1,806)**	
Council Tax Freeze Grant	(952)		**(960)**	
Local Services Support Grant	(50)		**(85)**	
		(38,266)		**(32,322)**
Capital Grants and Contributions				
A45 Bridge	(2,756)		**(5,024)**	
Basic Need [2]	(296)		**(4,472)**	
Local Transport Plan	(3,735)		**(3,148)**	
Highways Challenge Fund [3]	0		**(3,022)**	
Lode Lane Highway improvements [4]	0		**(2,655)**	
Condition Grant [5]	0		**(1,734)**	
Capital Maintenance Grant [5]	(1,409)		**0**	
Other capital Grants, Contributions and Donations	(5,496)		**(2,293)**	
		(13,692)		**(22,348)**
Total		**(51,958)**		**(54,670)**
Credited to Services				
Dedicated Schools Grant (DSG)		(108,675)		**(105,001)**
Housing Benefit Subsidy		(58,977)		**(57,955)**
Public Health Grant		(9,905)		**(10,367)**
Revenue expenditure funded by capital under statute (REFCUS)		(2,209)		**(7,229)**
Better Care Fund [6]		0		**(6,820)**
PFI credits		(6,494)		**(6,636)**
Pupil Premium		(6,596)		**(6,240)**
Sixth Form Funding		(2,692)		**(2,648)**
Education Services Grant		(3,153)		**(2,506)**
Asylum Seekers		(2,472)		**(2,204)**
Universal Infant Free School Meals [7]		(1,247)		**(2,084)**
Housing Benefit and Localised Council Tax Support Administration		(1,047)		**(920)**
NHS Support for Social Care [6]		(3,989)		**0**
Other Revenue Grants, Contributions and Donations		(8,730)		**(7,900)**
Total		**(216,186)**		**(218,510)**

[1] Revenue Support Grant (RSG) - this is the general government grant given to the Council for funding council services and this has reduced by £7.479m since 2014/15. This reduction is part of the government's austerity measures and was taken into account as part of the council's budget setting process for 2015/16.

[2] Basic Need Grant is primarily received in order to support the capital requirement for providing new pupil places within the borough.

[3] Highways Challenge Fund is a new grant which has been received for the first time in 2015/16 in order to help maintain existing local highways infrastructure.

[4] Grant income towards the cost of works on the Lode Lane highways improvement project has been received from the Greater Birmingham and Solihull Local Enterprise Partnership and Centro.

Note 36 continued

[5] Condition Grant was received for the first time in 2015/16, for the purpose of investing in the condition of school buildings. This effectively replaced the Capital Maintenance Grant which ceased in 2014/15.

[6] Better Care Fund & NHS Support for Social Care - these changes in grant income have been recognised as a result of the implementation of The Care Act 2014, these changes are further explained within Note 25 - Pooled Budgets.

[7] Universal Infant Free School Meals - The Children and Families Act 2014 introduced a duty on all state-funded schools in England to offer a free school lunch to pupils in reception, year 1 and year 2, with effect from September 2014. The income for 2014/15 therefore included autumn and spring terms only, the increase is mainly due to a full year's funding being received in 2015/16.

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

	31 March 2015	**31 March 2016**
	£000	**£000**
Capital Grants Receipts in Advance		
Devolved Formula Capital	(433)	**(454)**
Various Section 106 Contributions	(3,228)	**(4,931)**
Other Grants and Contributions	(502)	**(187)**
Total	(4,163)	**(5,572)**

37. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2015/16 are as follows:

2015/16	Individual Schools Budget (ISB)	Central Expenditure	**Total**
	£000	£000	**£000**
Final DSG for 2015/16 before Academy recoupment			**174,836**
Academy figure recouped for 2015/16			**(70,041)**
Total DSG after Academy recoupment for 2015/16 *	80,146	24,649	**104,795**
Brought forward from 2014/15	0	2,601	**2,601**
Final budgeted distribution for 2015/16	**80,146**	**27,250**	**107,396**
Actual central expenditure	0	25,447	**25,447**
Actual ISB deployed to schools	80,146	0	**80,146**
Carry forward to 2016/17	**0**	**1,803**	**1,803**

* The amount shown as income differs to that reported within the Grant Income note 36 by £0.206m, this is due to the income received in 2015/16 relating to the 'in-year adjustments' recognised in the 2014/15 DSG note below. This has been presented in line with Department of Education guidance.

2014/15	Individual Schools Budget (ISB)	Central Expenditure	**Total**
	£000	£000	**£000**
Final DSG for 2014/15 before Academy recoupment			**162,990**
Academy figure recouped for 2014/15			**(54,325)**
Total DSG after Academy recoupment for 2014/15	83,318	25,347	**108,665**
Brought forward from 2013/14	0	223	**223**
Agreed initial budgeted distribution in 2014/15	83,318	25,570	**108,888**
In-year adjustments *	0	206	**206**
Final budgeted distribution for 2014/15	**83,318**	**25,776**	**109,094**
Actual central expenditure	0	23,175	**23,175**
Actual ISB deployed to schools	83,318	0	**83,318**
Carry forward to 2015/16	**0**	**2,601**	**2,601**

38. 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 – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 32 on reporting for resource allocation decisions. Capital grants received in advance at 31 March 2016 are shown in Note 36.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in Note 33. During 2015/16, there were income transactions of £0.026m and expenditure transactions of £1.603m with companies in which twenty-five members had an interest. Contracts were entered into in full compliance with the council's standing orders.

Officers

There were no significant transactions between the Council and the Council's Executive Directors, Heads of Service, and other related parties during the year.

38. Related Parties (continued)

Other Public Bodies (subject to common control by central government)
The Council has a pooled budget arrangement with Solihull Clinical Commissioning Group (CCG) for the provision of adult social services and health services across the borough. Transactions and balances outstanding are detailed in Note 25 on pooled budgets.

The West Midlands Police and Crime Commissioner and West Midlands Fire and Rescue Authority levy precepts on the Council, details of which can be found as part of the Collection Fund and associated notes.

Levy payments of £0.083m to the Environment Agency and £9.861m to Centro (West Midlands Passenger Transport Executive) were made in 2015/16. In addition, income of £0.526m was receivable, and expenditure of £0.344m was payable to Centro during 2015/16. £0.182m of the income was outstanding at the 31 March 2016 and is included within the Council's debtors.

Entities Controlled or Significantly Influenced by the Council
The Council made net payments to voluntary organisations amounting to £0.677m in 2015/16. In certain instances they represent a significant element of grant funding to voluntary organisations, without which they would be unable to carry out their activities.

The Coventry and Solihull Waste Disposal Company Ltd (CSWDC) is a company set up by Solihull Metropolitan Borough Council and Coventry City Council for the disposal of waste arising from the two authorities. During the year, the Council made net payments to CSWDC of £2.121m. The Council also accounted for dividends receivable of £0.495m and a receipt of £1.475m from the company for the redemption of the Council's preference shares.

Solihull Community Housing Ltd, an arms length company set up to manage the Council's housing stock, is a wholly owned subsidiary of the Council. Income of £2.967m was receivable from Solihull Community Housing Ltd and expenditure of £35.557m was payable to SCH during 2015/16 (including management fees of £32.893m). At 31 March 2016, £2.178m net was owed to the Council by Solihull Community Housing.

Blythe Valley Innovation Centre Ltd is a wholly owned subsidiary of the Council. Income of £0.017m was received during the year.

Other Entities where the Council has an interest
The Council incurred expenditure of £0.223m to North Solihull Partnership during the year in relation to regeneration in the north of the borough, and supplied services to a value of £0.294m. An amount of £0.968m remains owed to the Council by North Solihull Partnership mainly relating to previous years activity. This is included within note 19 - Long Term Debtors. It has been agreed that this sum is not due for payment until a future date.

Payments of £1.848m were made to Rivendell Leisure Ltd in 2015/16 for the operation of two swimming pools and sports centres within the borough. Income of £0.169m was received during 2015/16.

Payments of £0.639m were made to Unity Trust Ltd and services were supplied of £0.598m in 2015/16. Unity Trust Limited is a company established by a number of schools in north Solihull. It provides education and related services to schools, children and young people and other agencies.

Net income of £1.686m was received during 2015/16 from Birmingham International Airport ltd. In addition, a dividend of £0.833m was received and a further dividend of £2.849m declared during 2015/16.

39. Capital Expenditure and Capital Financing

	2014/15		**2015/16**	
	£000	£000	**£000**	**£000**
Opening Capital Financing Requirement		391,375		**398,852**
Capital Investment				
Property, Plant & Equipment	48,358		**45,692**	
Investment Property	906		**66**	
Intangible assets	776		**237**	
Revenue expenditure classified as capital	5,552		**7,616**	
Total Capital Investment		55,592		**53,611**
Sources of Finance				
Capital receipts	(4,826)		**(4,114)**	
Government grants and other contributions	(18,954)		**(28,435)**	
Sums set aside from revenue	(24,335)		**(22,413)**	
		(48,115)		**(54,962)**
Closing Capital Financing Requirement		398,852		**397,501**
Explanation of Movements in Year				
Decrease in underlying need to borrow (supported by Government financial assistance)		(2,366)		**(2,387)**
Increase in underlying need to borrow (not supported by Government financial assistance)		12,492		**3,824**
Reductions in assets under PFI/PPP contracts		(1,344)		**(1,662)**
Reductions in assets acquired under Finance Leases		(1,305)		**(1,126)**
Increase/ (Decrease) in Capital Financing Requirement		7,477		**(1,351)**

40. Leases

a) Council as Lessee

Finance Leases

The Council has acquired the Bluebell Centre, two car parks, one of its libraries and a number of photocopiers under finance leases. The majority of these photocopiers however, are under the Council's de minimis level for capital spending and are, therefore, not included within our Balance Sheet (see accounting policies for further details). The assets acquired under these leases that are above our de minimis level for capital spending are carried in the Balance Sheet at the following net amounts:

	31 March 2015 £000	**31 March 2016 £000**
Property, Plant and Equipment		
Land and Buildings	5,459	**8,438**
Vehicles, Plant and Equipment	73	**6**
Investment Property	1,306	**1,360**
	6,838	**9,804**

The Council is committed to making minimum payments under the photocopier leases and the Bluebell Centre lease. These minimum payments are made up of the settlement of the long-term liability for the interest in the asset acquired by the Council and finance costs that will be payable over the remainder of the lease term. The minimum lease payments, as cash amounts and present values, are made up of the following amounts:

	31 March 2015	**31 March 2016**	31 March 2015	**31 March 2016**
	Cash Amount		Net Present Value	
	£000	**£000**	£000	**£000**
Finance lease liabilities:				
• current	58	**24**	58	**24**
• non-current	3,708	**3,656**	855	**852**
Finance costs payable in future years	6,299	**6,094**	2,867	**2,814**
Total future minimum lease payments	10,065	**9,774**	3,780	**3,690**

The minimum lease payments and finance lease liabilities, in cash terms, will be payable over the following periods:

	31 March 2015		**31 March 2016**	
	Minimum Lease Payments	Finance Lease Liabilities	**Minimum Lease Payments**	**Finance Lease Liabilities**
	£000	£000	**£000**	**£000**
Not later than one year	261	58	**221**	**24**
Later than one year and not later than five years	907	127	**873**	**100**
Later than five years	8,897	3,581	**8,680**	**3,556**
	10,065	3,766	**9,774**	**3,680**

The minimum lease payments and finance lease liabilities, stated as present values, will be payable over the following periods:

	31 March 2015		**31 March 2016**	
	Minimum Lease Payments	Finance Lease Liabilities	**Minimum Lease Payments**	**Finance Lease Liabilities**
	£000	£000	**£000**	**£000**
Not later than one year	261	58	**221**	**24**
Later than one year and not later than five years	792	112	**761**	**87**
Later than five years	2,727	743	**2,708**	**765**
	3,780	913	**3,690**	**876**

The above lease payments are in relation to photocopiers and the rental payments due for the Bluebell Centre.

Operating Leases

The Council has entered into lease agreements for land & property, motor vehicles and IT equipment.

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

	31 March 2015	**31 March 2016**
	£000	**£000**
Not later than one year	869	**801**
Later than one year and not later than five years	1,868	**1,357**
Later than five years	996	**991**
	3,733	**3,149**

The minimum lease payment expenditure charged to the CI&ES during the year in relation to these leases was £0.954m (2014/15: £0.852m).

b) Council as Lessor

Finance Leases

The Council has leased out the following property on finance leases up to 2015/16:-

	Remaining lease term	**Value £000**
Lyndon Academy	125 years	**18,329**
Northern House (Solihull) School	124 years	**8,334**
Smith's Wood Community Primary School	124 years	**5,830**
Marston Green Infant School	123 years	**3,706**
Balsall Common Primary	122 years	**3,985**
Hockley Heath Primary	122 years	**1,393**
Heart of England Academy	121 years	**14,015**
Alderbrook Academy	121 years	**14,010**
Langley Academy	121 years	**9,973**
Light Hall Academy	121 years	**10,538**
Lode Heath Academy	121 years	**8,876**
Hall Meadow Land	120 years	**620**
Arden Academy	120 years	**17,395**
Tudor Grange Academy	120 years	**11,750**
Park Hall Academy	119 years	**23,710**
		152,464

There is no rent payable to the Council under the terms of the finance leases listed above.

Operating Leases

The Council leases out property for a variety of purposes. These include for the provision of community services, such as sports facilities and community centres, for economic development purposes to provide suitable accommodation for local businesses and for income generation purposes.

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

	31 March 2015 £000	**31 March 2016 £000**
Not later than one year	1,381	**1,840**
Later than one year and not later than five years	4,429	**5,282**
Later than five years	49,611	**51,470**
	55,421	**58,592**

The minimum lease payments receivable shown above do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews and rents linked to percentage of future revenue.

In 2015/16 contingent rents of £2.967m were receivable by the Council (£3.425 in 2014/15).

41. Private Finance Initiatives (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. The Council is deemed to control the services that are provided under its schemes and ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge.

Building Schools for the Future (BSF) PFI

In 2015/16 the Council made contractual payments of £8.411m (2014/15: £8.300m) under a contract with Solihull BSF Schools Ltd to cover the design, build and operational costs associated with Northern House, Park Hall Academy and Smith's Wood Schools. In future years the actual payments will vary in line with inflation. The contract expires in 2035/36. There have been no changes to the arrangement during 2015/16.

The payments due to the PFI contractor are as follows:

		Repayment of liability £000	Interest £000	Service Charge £000	**Total £000**
Payments due to be made:					
Within 1 year	2016/17	1,401	4,440	2,753	**8,594**
Within 2 - 5 years	2017/18 - 2020/21	6,272	16,434	12,476	**35,182**
Within 6 - 10 years	2021/22 - 2025/26	10,806	16,831	18,309	**45,946**
Within 11 - 15 years	2026/27 - 2030/31	15,114	10,637	22,647	**48,398**
Within 16 - 20 years	2031/32 - 2035/36	18,119	2,555	23,203	**43,877**
Total		51,712	50,897	79,388	**181,997**

The liability outstanding to the PFI contractor for capital expenditure is as follows:

	31 March 2014	Net Payments during the year	31 March 2015	Net Payments during the year	**31 March 2016**
	£000	£000	£000	£000	**£000**
Northern House School	7,022	(136)	6,886	(164)	**6,722**
Park Hall School	23,228	(449)	22,779	(542)	**22,237**
Smith's Wood School	23,768	(460)	23,308	(555)	**22,753**
Total	54,018	(1,045)	52,973	(1,261)	**51,712**

Similar contract: Leisure PPP Contract

In 2015/16 the Council made contractual payments of £1.138m (2014/15: £1.145m) to Rivendell Leisure Ltd in respect of the unitary charge element of the Leisure PPP contract for the operation of two swimming pools and sports centres within the borough. In future years the actual payment will vary in line with inflation. The contract expires in 2037/38. There have been no changes to the arrangement during 2015/16.

The future liability due to the PPP contractor is as follows:

		Repayment of liability	Deferred Income Liability	Interest	Service Charge	**Total**
		£000	£000	£000	£000	**£000**
Payments due to be made:						
Within 1 year	2016/17	183	128	192	763	**1,266**
Within 2-5 years	2017/18-2020/21	(21)	512	450	4,415	**5,356**
Within 6-10 years	2021/22-2025/26	(515)	641	480	6,805	**7,411**
Within 11-15 years	2026/27-2030/31	206	641	1,481	5,971	**8,299**
Within 16-20 years	2031/32-2035/36	528	641	1,434	6,702	**9,305**
Within 21-25 years	2036/37-2037/38	609	256	924	2,207	**3,996**
Total		990	2,819	4,961	26,863	**35,633**

The liability outstanding for capital expenditure is as follows:

	31 March 2014	Net Payments during the year	31 March 2015	Net Payments during the year	**31 March 2016**
	£000	£000	£000	£000	**£000**
Leisure	4,509	(299)	4,210	(401)	**3,809**
Total	4,509	(299)	4,210	(401)	**3,809**

PFI/PPP Estimates and Judgements

The financial models used to interpret PFI/PPP agreements are very complex in nature and require estimates and judgements to be made that impact on the future accounting entries. The following judgements have been made in regards to the BSF PFI and Leisure PPP contracts:

Initial Development costs not directly related to construction of £2.854m in the BSF and £1.853m in the Leisure projects have been classed as revenue expenditure in line with Council capitalisation policies and therefore excluded as a capital cost. If these costs had been classed as capital expenditure then the initial balance sheet asset valuation would have increased and the remaining future liability repayment would be approximately £1.4m higher but offset by an equal reduction in future interest payments.

The asset liability from the Leisure PPP Contract is reduced annually by the payment of an element of the unitary charge and by £0.128m of Third Party Income received directly by the contractor. The liability is shown separately as the demand risk on the third party income is shared between the Council and the operator. The third party deferred income liability balance is currently £2.819m.

The BSF PFI contract unitary payments are reduced by £0.051m per annum due to third party income received by the contractor. The Council does not share demand risk on this Third Party income and is not liable to pay the contractor any shortfall if income does not meet annual targets so this is not shown as a liability within the Council's accounts which is different to the Leisure PPP treatment.

The BSF PFI unitary payments includes costs for utilities. Under the Leisure PPP contract these are paid directly as a separate revenue expense and in 2015/16 the utilities for this contract totalled £0.624m.

Similar contract: Strategic Environment Services Contract

In 2008/09, the Council engaged Enterprise Management Services Ltd (subsequently acquired by Amey PLC) to provide Strategic Environment Services in a 7 year contract, which is extendable up to 21 years. An initial 7 year extension was subsequently approved. In 2015/16 the Council made contractual payments of £9.902m (2014/15: £9.310m) to cover the provision of Waste Collection and Recycling, Street Cleansing and Ground Maintenance. The actual payment will vary over the life of the contract in line with inflation and any negotiated service changes. Within the contract there is provision for additional variable works, which by their nature are not yet known amounts and are therefore not included in the payment figures below.

The payments due to the contractor are as follows:

		Repayment of liability	Interest	Service Charge	**Total**
		£000	£000	£000	**£000**
Payments due to be made:					
Within 1 year	2016/17	1,074	298	7,936	**9,308**
Within 2 - 7 years	2017/18 - 2022/23	1,367	291	56,133	**57,791**
Total		2,441	589	64,069	**67,099**

The repayment of the liability is based on the expected useful life of the vehicles currently used on the contract. In 2016/17 significant vehicle fleet replacement to the value of £5.569m will be undertaken. The value of these new vehicles will increase the liability and interest element of these payments by approximately £8.000m over the period to 2022/23 with a corresponding decrease in the service charge element. Note there is no change in the actual contract payment as a result of these charges.

The liability outstanding to pay to the contractor for capital expenditure is as follows:

	31 March 2014	Net Payments during the year	31 March 2015	Payments during the year	Capital Additions/ Disposals in Year	**31 March 2016**
	£000	£000	£000	£000	£000	**£000**
Vehicles and Plant	3,860	(1,200)	2,660	(1,039)	820	**2,441**
Total	3,860	(1,200)	2,660	(1,039)	820	**2,441**

42. Impairment Losses

2015/16

Detail of 2015/16 Impairments:	Council Dwellings £000	Other Land & Buildings £000	**Total £000**
Impairment losses recognised as a deficit on the Provision of Services, during the period in which those impairment losses are included	0	3,101	**3,101**
Impairment losses on revalued assets recognised in Other CI&ES and taken to the Revaluation Reserve during the period	0	3,999	**3,999**
Total	0	7,100	**7,100**

2014/15

Detail of 2014/15 Impairments:	Council Dwellings £000	Other Land & Buildings £000	**Total £000**
Impairment losses recognised as a deficit on the Provision of Services, during the period in which those impairment losses are included	815	89	**904**
Impairment losses on revalued assets recognised in Other CI&ES and taken to the Revaluation Reserve during the period	0	41	**41**
Total	815	130	**945**

43. Defined Benefit Pension Schemes

Participation in 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 that needs to be disclosed at the time that employees earn their future entitlement.

The Council currently participates in three post employment schemes:

The Local Government Pension Scheme

This scheme is administered locally by The West Midlands Metropolitan Authorities Pension Fund (WMMAPF) - this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Teachers' Pension Scheme

A defined benefit multi-employer pension scheme operated by the Department for Education of which, under the Teachers' Pensions Regulations Act 1972, the teachers employed by the Council are members. The scheme is managed by the Teachers' Pensions Agency under the Teachers' Pensions Regulations 1997, as amended. However, the Teachers' Pension Fund is accounted for as a "defined contribution" scheme in line with the requirements of IAS 19 since the scheme is notionally funded and the underlying liabilities cannot be identified on a consistent basis. For 2015/16 the Council paid £6.279m (2014/15: £6.009m) to the Teachers' Pensions Agency in respect of teachers' pension costs, which represents 14.1% of teachers' pensionable pay for the period 1st April to 31st August 2015 and 16.48% of teachers' pensionable pay for the period 1st September 2015 to 31st March 2016 (2014/15: 14.1% for the whole period).

The Council makes pension payments relating to added years it has awarded, together with related increases. These discretionary payments form a separate, unfunded scheme and in 2015/16 these payments amounted to £1.060m (2014/15: £1.073m).

The Council has not made any discretionary post retirement benefit awards during 2014/15 or 2015/16.

The National Health Service (NHS) Pension Scheme

A number of adult social care and public health employees are covered by the provisions of the NHS Pensions Scheme which was established on 5th July 1948. Details of the benefits payable under these provisions can be obtained from the NHS Pensions Business Services Authority. The scheme is an unfunded defined benefit final salary 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 run in a way that would enable NHS bodies to identify their share of their underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the Council of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For 2015/16 the Council paid £0.502m (2014/15: £0.552m) to the NHS Pension Scheme in respect of NHS pension costs and this represents 14.3% (2014/15: 14.0%) of the pensionable pay of the staff in the scheme.

The Council is not responsible for any retirement top-up payments outside of the NHS scheme.

Transactions relating to post-employment benefits

We recognise the cost of post employment 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 past employment/retirement benefits is reversed out of the General Fund via the MIRS. The transactions detailed overleaf have been made in the CI&ES and the General Fund Balance via the MIRS during the year:

Comprehensive Income and Expenditure Statement	2014/15 £000	**2015/16 £000**
Cost of Services:		
Service cost comprising:		
• current service cost	14,923	**18,897**
• past service costs	165	**954**
• (Gain)/loss from settlements	(1,425)	**(1,587)**
• Administration costs	216	**205**
Financing and Investment Income and Expenditure:		
• Pension Interest costs	8,022	**7,836**
sub-total Post Employment Benefit charged to the Deficit on the Provision of Services	21,901	**26,305**
Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement of the net defined benefit liability comprising:		
• Return on plan assets (excluding the amount charged in the net interest expense)	(45,409)	**16,794**
• Actuarial (gains)/losses arising on changes in demographic assumptions	0	**0**
• Actuarial (gains)/losses arising on changes in financial assumptions	96,812	**(49,204)**
sub-total Post Employment Benefit charged to Other Comprehensive Income and Expenditure	51,403	**(32,410)**
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	73,304	**(6,105)**

Movement in Reserves Statement		
Reversal of net charges made to the Deficit on the Provision of Services for post employment benefits in accordance with the Code	(21,901)	**(26,305)**
Actual amount charged against the General Fund Balance for pensions in the year:		
• Employer's contributions payable to scheme	15,594	**11,855**
• Advance payment of pension past deficit contributions originally due in 2015/16 and 2016/17 (see Note 5)	11,887	**0**
sub-total Actual amount charged against the General Fund Balance for pensions in the year	27,481	**11,855**
Total Post Employment Benefit charged to the Movement in Reserves Statement	5,580	**(14,450)**

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Teachers 2014/15 £000	Staff 2014/15 £000	**Teachers 2015/16 £000**	**Staff 2015/16 £000**
Present value of the defined benefit obligation	(14,577)	(715,120)	**(14,505)**	**(689,884)**
Fair value of plan assets	0	478,077	**0**	**470,729**
Net liability arising from defined benefit obligation	(14,577)	(237,043)	**(14,505)**	**(219,155)**
	Total	(251,620)	**Total**	**(233,660)**

Reconciliation of the present value of the scheme liabilities	Teachers 2014/15 £000	Staff 2014/15 £000	**Teachers 2015/16 £000**	**Staff 2015/16 £000**
1 April	(13,975)	(593,799)	**(14,577)**	**(715,120)**
Current service cost	0	(14,923)	**0**	**(18,897)**
Interest cost	(578)	(25,786)	**(436)**	**(22,608)**
Contributions from scheme participants	0	(4,705)	**0**	**(4,887)**
Remeasurement (gains)/losses:				
Experience (gains)/losses	0	0	**0**	**0**
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	**0**	**0**
Actuarial (gains)/losses arising from changes in financial assumptions	(1,097)	(95,715)	**(552)**	**49,756**
Past service costs	0	(165)	**0**	**(954)**
Benefits paid	1,073	18,438	**1,060**	**20,419**
Curtailments	0	(125)	**0**	**0**
Settlements	0	1,660	**0**	**2,407**
31 March	(14,577)	(715,120)	**(14,505)**	**(689,884)**

Reconciliation of the fair value of the scheme assets	Teachers 2014/15 £000	Staff 2014/15 £000	**Teachers 2015/16 £000**	**Staff 2015/16 £000**
1 April	0	401,977	**0**	**478,077**
Interest Income	0	18,342	**0**	**15,208**
Remeasurement gain/(loss)	0	45,409	**0**	**(16,794)**
Administration Expenses	0	(216)	**0**	**(205)**
Contributions from employer	1,073	14,521	**1,060**	**10,795**
Advance payment of pension past deficit contributions originally due in 2015/16 and 2016/17 (see note 5)	0	11,887	**0**	**0**
Contributions from scheme participants	0	4,705	**0**	**4,887**
Benefits paid	(1,073)	(18,438)	**(1,060)**	**(20,419)**
Settlements	0	(110)	**0**	**(820)**
31 March	0	478,077	**0**	**470,729**

An approximate allowance for the transfer of staff to academies during the year has been made and the adjustment is shown within the "settlements" figures above.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy.

The actual return on scheme assets in the year was a deficit of £1.586m (2014/15: surplus of £63.571m).

Statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme and the Teachers' Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary and by future changes to the scheme regulations.

Analysis of the scheme assets at the reporting date:

	Percentage share		Fair value of assets	
	2014/15	**2015/16**	2014/15	**2015/16**
	%	**%**	£000	**£000**
Equity instruments	59.1	**60.5**	282,399	**284,897**
Government Bonds	7.9	**7.8**	37,624	**36,680**
Other Bonds	10.6	**4.7**	50,867	**21,920**
Property	8.7	**8.2**	41,738	**38,819**
Cash/ liquidity	4.1	**4.6**	19,553	**21,501**
Other assets	9.6	**14.2**	45,896	**66,912**
Average Return / Total Assets	100.0	**100.0**	478,077	**470,729**

Following the advance payment to the WMMAPF, the total estimated contributions to the Local Government Pension Scheme by the Council for 2016/17, is £10.105m. (13.5% of pensionable pay).

Basis for estimating assets and liabilities

The principal assumptions used by the actuary are shown in the following table:

	Teachers at 31 March 2015	Staff at 31 March 2015	**Teachers at 31 March 2016**	**Staff at 31 March 2016**
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	23.0 years		**23.0 years**	
Women	25.6 years		**25.7 years**	
Longevity at 65 for future pensioners:				
Men	n/a	25.2 years	**n/a**	**25.3 years**
Women	n/a	28.0 years	**n/a**	**28.0 years**
Other assumptions:				
Rate of inflation	2.00%	2.00%	**2.00%**	**2.00%**
Rate of increase in salaries	n/a	3.75%	**n/a**	**3.75%**
Rate of increase in pensions	2.00%	2.00%	**2.00%**	**2.00%**
Rate for discounting scheme liabilities	3.10%	3.20%	**3.60%**	**3.60%**

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 to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

Impact on the Defined Benefit Obligation in the Scheme (Staff and Teachers)			
Change in Assumption	Impact on Council liability/ deficit £000	Impact on Council liability %	Impact on Council deficit %
Longevity assumptions (increase by 1 year)	21,337	3.0	9.1
Pension increase assumptions (increase by 0.1%)	10,833	1.5	4.6
Salary increase limited to 1% for further 4 years	(12,264)	(1.7)	(5.2)
Discount scheme liability assumptions (increase by 0.1%)	(12,018)	(1.7)	(5.1)

44. Contingent Assets

The following contingent asset has not been recognised in the CI&ES or on the Balance Sheet because the Council does not have full control over the outcome:

Blythe Valley
The Council has retained a financial interest in land at Blythe Valley through an existing legal agreement with its development partner. Effectively, it has the right to a share of future land value receipts as and when individual plots of land are disposed of.

Disclosure of an estimate of value in the accounts may affect the negotiations in the sale of plots and be prejudicial to both the Council and its development partner's commercial interests. It might also lead to an expectation which would prejudice the working relationship with the Council's partner. For these reasons, no estimate of value has been disclosed.

45. Contingent Liabilities

The following item has not been accrued for within the accounts for 2015/16 because the amount of potential liability cannot be accurately determined:

Grant Funded Projects
The Council has undertaken the Accountable Body role for a range of grant funded projects. These projects have been funded from a variety of grant regimes including European Union sources, Advantage West Midlands and New Opportunities Fund. There is a potential liability to the Council from non-delivery of outputs, ineligible expenditure or disposal of assets. To minimise the impact of these possible liabilities, the Council has introduced various controls and mechanisms such as service level agreements, asset registers and detailed expenditure verification and monitoring. In a situation where a Council liability is agreed, it will be disclosed and an appropriate provision made in the relevant year's accounts.

46. Trust Funds

There are 36 trust funds and various other funds that are administered by the council. These funds are not included within the balance sheet.

The total funds as at 31 March 2016 amounted to £2.522m (31 March 2015: £2.210m). The Knowle Streamside Trust totalling £0.183m is the largest individual trust, with the remaining £2.339m being held mainly on behalf of Social Service clients.

47. Events after the Balance Sheet Date

Academy Schools
The following Council schools buildings are due to transfer to Academy status, at no cost, following the Balance Sheet date of 31 March 2016. This subsequent transfer of the school buildings will result in a loss on disposal in the CI&ES of £40.600m. The associated land will be revalued resulting in a reduction in asset values of £4.519m in 2016/17.

	Expected Transfer	Buildings £000	Land £000	Total £000
Damson Wood Nursery & Infant School	01-Jul-16	1,900	502	**2,402**
Streetsbrook Infant & Nursery School	01-Jul-16	2,632	797	**3,429**
Cranmore Infant School	01-Aug-16	2,028	1,025	**3,053**
Smith's Wood Sports College	01-Dec-16	34,040	2,195	**36,235**
		40,600	4,519	**45,119**

48. Unconsolidated Group Entities

North Solihull Partnership LP

North Solihull Partnership LP (NSP) was established under a Limited Partnership Deed on 27 May 2005 by Bellway Homes (North Solihull) Limited, Inpartnership (LP) Limited, Whitefriars (North Solihull) Limited and Solihull MBC. The partnership was created in order to implement a programme of regeneration in the north of the borough to provide new and refurbished housing, and new and refurbished primary schools. The programme also includes projects to invest in improved areas of open space, improved roads and footpaths, new village centres and social enterprises.

Details of amounts owed to/ from NSP as at 31 March 2016 are included within Note 38 - Related Parties. A further £0.500m paid by the Council for a property acquisition is expected to be reimbursed by NSP during the course of the next business plan period.

In addition, there is an agreement in place that NSP will part-fund the North Solihull Primary Programme up to a maximum value of £2.500m. The remodelling work planned around the final two schools, scheduled to complete in 2016/17, relies upon this funding to proceed. There is a risk to the Council that this sum will not be received in full or in line with timescales.

No sums relating to North Solihull Partnership LP, other than the debtors detailed above, have been included within the Council's accounts.

Unity Trust Ltd

Unity Trust Ltd was incorporated on 23 July 2013 by a group of schools and academies within the locality of North Solihull. The company was established in order to work together to enhance opportunities for our young people, staff and the wider community.

Details of amounts owed to/ from Unity as at 31 March 2016 are included within Note 38 - Related Parties. No further sums relating to Unity have been included in the Council's accounts.

The Council, as supervising authority, is responsible for providing some oversight to the activities and performance of the company.

There is no current financial risk to the Council from this arrangement. However, in the event of changes to any of the member schools' relationship with the company this would be reviewed.

49. Trading Operations

Solihull Catering provides a quality catering service at a total of 114 unit locations, comprising of civic catering units, Solihull maintained schools, academies and schools in other areas. 2015/16 has seen significant changes to the scope of the service, notably the business was expanded in July 2015 by the addition of services at 32 Coventry schools and 3 Coventry academies.

The trading position for the catering service for 2015/16 is as shown in the table below:

	Internal Trading	**External Trading**	**Total**
Number of Units	*62*	*52*	*114*
	£000	**£000**	**£000**
Turnover	(4,812)	(5,133)	(9,945)
Expenditure	4,612	5,043	9,655
Total surplus	**(200)**	**(90)**	**(290)**
Additional current cost of service pension charge	67	44	111
Total surplus included within the Council's CI&ES	**(133)**	**(46)**	**(179)**

The total shown in the CI&ES for the surplus of trading operations not allocated to services is £0.046m, in respect of the trading position for Solihull Academy schools and trading with other authorities.

The catering service was not assessed as a trading operation prior to the expansion of the service during 2015/16, therefore no comparative figures are required for 2014/15 activity.

50. Statement of Accounting Policies

These are the rules and practices adopted by the Council that dictate how transactions and events are shown.

1. General Principles
The Statement of Accounts summarises the Council's transactions for the financial year 2015/16 and its position at the year-end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 21(2) of the Local Government Act 2003. The accounting convention adopted in the Accounting Statement is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments. International Reporting Standard IAS 8 requires entities to disclose the expected impact of new standards that have been issued but not yet adopted and these have been included within the Notes to the Accounting Statement.

2. Accruals of Expenditure and Income
Activity is accounted for in the financial year that it takes place, not when money is paid or received. In particular:

- Revenue from the sale of goods is recognised when the Council 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 Council;
- Revenue from the provision of services is recognised when the Council 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 Council;
- Revenue from council tax and business rates is recognised when the amount of revenue can be measured reliably and it is probable the revenue will be received by the Council;
- 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 (including services provided by employees) 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;
- Dividends are deemed to be receivable when the Council's right to receive payment has been established
- 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.

3. Acquired and Discontinued Operations
Activities are considered to be acquired only if they are taken on from outside the public sector. Activities are considered to be discontinued only if they cease entirely. They are not considered to be discontinued if they transfer to another public sector body. Any discontinued activities that are material to the accounts will be shown on the face of the CI&ES and prior period figures will be restated for comparison purposes.

4. Fair Value Measurement Policy

The Council measures some of its non-financial assets, such as investment properties and surplus assets, and some of its financial instruments e.g. some of its equity share holdings, at fair value at each reporting date. IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosure notes.

A definition of fair value is the price that would be received to sell an asset, or paid to transfer a liability, between market participants in an orderly transaction at the measurement date under current market conditions. A fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The concept of highest and best use applies only when determining the fair value of non-financial assets, e.g. surplus assets or investment property. They do not apply to financial assets or to financial liabilities on the basis that financial assets or financial liabilities do not have alternative uses.

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.

Where Level 1 inputs are not available the Council's qualified internal valuation team uses valuation techniques appropriate for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

Three widely used valuation techniques are: (i) market approach – uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or a group of assets and liabilities (e.g. a business); (ii) cost approach – reflects the amount that would be required currently to replace the service capacity of an asset (current replacement cost); (iii) income approach – converts future amounts (cash flows or income and expenses) to a single current (discounted) amount, reflecting current market expectations about those future amounts. There has been no change in the valuation techniques used during the year for investment properties.

For all investment properties where a fair value review is conducted, fair values are based on multiplying an estimated net income by an appropriate investment yield or having regard to the capital value of similar assets. The net income figure is based on market rent. All comparable evidence used for valuing this class of property has been ranked into three tier groups based upon the criteria below. All investment property fair value measurements have been assessed at tier level two and financial instruments have been assessed at tier level two or tier level three. The Council did not have any surplus assets in 2015/16.

IFRS 13 includes a "Fair Value Hierarchy" that classifies valuations according to the nature of available inputs. In summary, the three levels of hierarchy are as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date. Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 - unobservable inputs for the asset or liability. A list of criteria for the various levels are listed in the table.

Criteria	Tier Level
Comparable evidence that is identical to the asset that is being measured in terms of: • Physical Location • Condition • Orientation • Levels of Natural Light • View • Access and visibility • Tenure and Covenants • Construction Type and Cost • Size and Layout • Facilities • Lease Options • Obsolescence	1
• Comparable evidence available within an active market of similar assets. • Comparable evidence for similar assets or liabilities in markets that are not active. • Non-value comparable evidence (e.g. yields) for similar asset types available. • Comparable evidence corroborated by observable market evidence. • Implied and non-implied covenants within the lease negating the need for comparable evidence. • Transparency of Market Data • Minimal principal adjustment of comparable evidence, non-significant adjustment. • Comparable analysis	2
• No comparable evidence available. • Unobservable inputs. • Comparable evidence requires significant adjustment from the principal market.	3

5. Business Improvement District (BID)

BID projects are projects for the benefit of a particular area that are financed (in whole or in part) by a BID levy paid by the non-domestic ratepayers in the BID area. There are two key participants in the Solihull BID – the Council as the billing authority for the area and Solihull BID as the BID Body. The Council acts as the agent therefore neither the proceeds of the levy nor the payment to the BID Company are shown in the Council's accounts.

6. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 1 month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

7. Charges to Revenue for Non-Current Assets
Services and support services are debited with the following amounts to record the cost of holding non-current assets during the year:

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

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

In December 2014, Full Council agreed a new Minimum Revenue Provision policy statement to apply from 2014/15. This new policy ensures a prudent charge for the pre-2008 Capital Financing Requirement is made to the MIRS on a 2% straight line basis. Previously, the charge was based on a 4% reducing balance method. This new policy allows for the quicker repayment of debt and a consistent charge to revenue. The methodology for the post-2008 Capital Financing Requirement (CFR) remains unchanged.

Charges for depreciation, revaluation and impairment losses and amortisations are therefore reversed in the MIRS (within Adjustments between accounting basis and funding basis under regulations). These are effectively replaced by the Minimum Revenue Provision charged to the General Fund Balance.

8. Exceptional Items and Prior Period Adjustments
Prior period adjustments are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors. A material error is one that could influence the decisions or assessments of users made on the basis of the financial statements. Prior period adjustments are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and notes and adjusting the opening balance of reserves for the cumulative effect.

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the CI&ES or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

9. Employee Benefits
<u>Benefits Payable during Employment:</u>
Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave and bonuses for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the MIRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

<u>Termination Benefits:</u>
Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the relevant service line in the CI&ES. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, allocations are required to and from the Pensions Reserve to remove the accounting entries for pension enhancement termination benefits and replace them with accounting entries for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits:

Employees of the Council are members of one of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- The Local Government Pensions Scheme, administered by Wolverhampton City Council;
- The National Health Service (NHS) Pension Scheme, administered by NHS Pensions Business Services Authority.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the teachers' scheme and the NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These 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 Local Government Scheme is accounted for as a defined benefits scheme as follows:

- The liabilities of the West Midlands Metropolitan Authorities Pension Fund (WMMAPF) attributable to the Council 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;
- The assets of WMMAPF attributable to the Council are included in the Balance Sheet at their fair value.

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

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CI&ES to the services for which the employees worked;
- past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Non Distributed Costs line in the CI&ES;
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the CI&ES;
- expected return on assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return credited to the Financing and Investment Income and Expenditure line in the CI&ES;
- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Non Distributed Costs line in the CI&ES;
- 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 - debited to the Pension Reserve in the MIRS;
- contributions paid to the WMMAPF – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense in the CI&ES.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are allocations to and from the Pensions Reserve to remove the accounting entries for retirement benefits and replace them with accounting entries 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.

Discretionary Benefits:

Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

10. Events after the Balance Sheet Date

These are events that have happened after the Balance Sheet date. There are two types of event (adjusting and non-adjusting) and the treatment within the accounts depends on the nature of the event.

An adjusting event is one that existed at the Balance Sheet date and has a material impact on the accounts. The accounts are adjusted where this type of event has taken place.

A non-adjusting event is one that is indicative of conditions that arose after the Balance Sheet date. For these events only a note to the accounts is included, identifying the nature of the event and where possible estimates of the financial effect.

11. Financial Instruments

Financial Assets:

The Council's financial assets are classified into three types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market. Loans and receivables are initially measured at fair value and carried at amortised cost;
- Financial Assets at fair value through the CI&ES– assets that are held for trading by an external fund manager. These assets are accounted for in the Balance Sheet at fair value and any changes in value would be taken to the CI&ES;
- Available-for-Sale Assets - examples include equity shareholdings and quoted investments. These assets are carried at their fair value with movements in fair value are posted to a revaluation reserve (the Available for Sale Financial Instruments Reserve)

Annual credits to the CI&ES for interest receivable are based on the carrying amount of the instrument multiplied by its effective rate of interest.

The Council has made a number of loans at less than market rates (known as soft loans), principally to individuals under the Chronically Sick and Disabled Person Acts. The financial effect of this concession is charged to the CI&ES representing the interest foregone, over the life of the loan. Since statutory provisions require that the impact of soft loans on the General Fund Balance is limited to the actual interest receivable for the year, a transfer from the Financial Instruments Adjustment Account is made to cover the difference, in the MIRS.

Fixed or determinable payments such as interest receivable are credited to the CI&ES annually based on the amortised cost of the asset multiplied by the effective rate of interest. Other payments, such as dividends, are credited to the CI&ES when they become receivable.

Impairment of financial assets has been recognised where there is objective evidence of impairment as a result of a past event that occurred subsequent to the initial recognition of the asset.

In line with the Property, plant and equipment policy, the Council has set a de minimis level of £15,000 for the value of shares held. Any shares acquired at less than this value are not recognised on the Council's Balance Sheet.

Financial Liabilities:

These are initially measured at fair value and carried on the Balance Sheet at their amortised cost. Annual charges for interest payable are made to the CI&ES based on the carrying value of the liability multiplied by the effective rate of interest for the instrument.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the CI&ES in the year they occur. Any premium or discount arising on restructuring of the loan portfolio is respectively deducted from or added to the amortised cost of the new or modified loan and charged to the CI&ES over the life of the loan.

Where premiums and discounts have been charged to the CI&ES, 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 that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CI&ES 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 on Reserves Statement.

12. Government Grants and Contributions

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

- the Council will comply with the conditions attached to the payments;
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the CI&ES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Capital Grants Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (for revenue grants and contributions) or to Taxation and Non-Specific Grant Income (for non-ringfenced revenue grants and all capital grants) in the CI&ES.

Where capital grants are credited to the CI&ES, they are reversed out of the General Fund Balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Where revenue grants without conditions are credited to the CI&ES but have not yet been spent, if they have been earmarked for a specific purpose, they are appropriated out of the General Fund Balance to earmarked reserves in the MIRS.

13. Heritage Assets

Heritage assets are defined as assets which have historical, artistic, scientific, technological, geographical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

They are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations and can include historical buildings, historic motor vehicles, civic regalia, museum and gallery collections, statues and works of art.

Where the Council has information on the cost or value of a heritage asset the Council will include that value in its Balance Sheet, if it is above the £15,000 de minimis level for assets. Where this information is not available and the historical cost information cannot be obtained the asset can be excluded from the Balance Sheet.

Heritage assets (other than operational heritage assets) shall normally be included in the Balance Sheet at their current value. Where it is not practical to obtain a valuation at a reasonable cost, heritage assets are valued at cost. Where applicable the insurance valuation will be used for heritage asset valuation.

There will be no depreciation charged on the heritage assets because it has been estimated that the assets have a useful life of such length that any depreciation charge on the asset will be negligible and can be ignored on the basis of materiality. The Council considers that the heritage assets will have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation on the assets.

The Council does not have or require an active policy for the acquisition, preservation, management and disposal of heritage assets due to the insignificant number of material heritage assets. The material heritage assets are contained within public buildings and parks and therefore public access is permitted.

14. Infrastructure assets

Infrastructure assets are carried at depreciated historical cost. They are currently depreciated over a life of 40 years, or a useful life verified by a qualified professional officer. In future years, infrastructure assets will be referred to as Highways Network Asset and recognised as a separate class of Property, Plant and Equipment measured at depreciated replacement cost.

15. Intangible Assets

Expenditure on assets that do not have physical substance (e.g. software licenses) but are identifiable and controlled by the Council, is capitalised when it brings benefits to the Council for a period of more than one financial year. The balance is amortised to revenue on a systematic basis over the economic life of the assets.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CI&ES.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the CI&ES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure section in the CI&ES.

16. Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries and jointly controlled entities and is required to prepare group accounts. Subsidiaries are fully consolidated and jointly controlled entities are consolidated on an equity basis within the Council's group accounts.

In the Council's own single-entity accounts, interests in companies and other entities are recorded as investments at fair value. These are subject to a full revaluation every 5 years; annual desktop valuation exercises are undertaken in the interim periods.

17. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

18. Investment Property

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

Investment property is measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length.

As a non-financial asset, an investment property shall be measured at highest and best use. The fair value of investment property held under a lease is the lease interest.

Properties are not depreciated but are revalued annually according to market conditions at the year-end. These are classified as recurring fair value measurements. There are three categories of investment property (Garden Extension Licences, Gas Governor Stations and Electricity Sub stations) that individually as sites are de minimis in value and are considered annually but are only valued on a non-recurring basis if the value is considered to have materially changed year on year. Gains and losses on revaluation are posted to the Financing and Investment section in the CI&ES. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance.

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

19. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

(a) The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases with an original fair value over the capital de minimis level of £15,000, is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Any initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Subsequent rent increases (contingent rents) are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability;
- a finance charge (debited to the Financing and Investment Income and Expenditure section in the CI&ES).

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period). The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

Operating Leases
Rentals paid under operating leases are charged to the CI&ES as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

(b) The Council as Lessor

Finance Leases
Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal, in line with the Council's policy on disposals.

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

Operating Leases
Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CI&ES on a straight-line basis over the life of the lease.

20. Property Plant & Equipment

All expenditure on the acquisition, construction or improvement of tangible fixed assets is capitalised, provided that the asset brings benefit to the Council and the services it provides for longer than one financial year.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Assets are initially measured at cost, comprising:

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

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

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the CI&ES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the CI&ES, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the MIRS.

The Council has set a de minimis level of £15,000. This means that any expenditure below this level that otherwise meets the definition of capital expenditure as outlined above can be charged to a revenue budget.

Recognition of School Assets

School assets are carried on the balance sheet in accordance with the legal status of ownership, or intended legal status and any other arrangements in place regarding the use of these schools. In line with the guidance provided in LAAP bulletin 101 ‘Accounting for Non-Current Assets Used by LA Maintained Schools’, school assets that are controlled by the Governing Body will be recognised on the Council balance sheet, academy schools are excluded.

Valuation

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

- infrastructure, community assets and assets under construction – depreciated historical cost;
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

The significant assumptions applied in estimating the fair values are:

- Fair value is: 'The amount for which an asset could be exchanged, between knowledgeable, willing parties, in an arms length transaction';
- Fair value represents the price that would be reasonably agreed between two specific parties for the exchange of an asset;
- Although the parties may be unconnected and negotiating at arms length, the asset is not necessarily exposed in the wider market and the price agreed may be one that reflects the specific advantages (or disadvantages) of ownership to the parties involved rather than the market at large;
- In accounting standards, fair value is normally equated to market value;
- Fair value is a broader concept than market value. Although in many causes the price that is fair between two parties will equate to that obtainable in the general market, there will be cases where the assessment for fair value will involve taking into account matters that have to be disregarded in the assessment of market value.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

The valuation basis used for the various property types is shown in the following table:

Service Area	Operational / Non Operational	Basis of Valuation
HRA		
- Housing Stock	Operational	Existing Use Value - Social Housing
- Hostels	Operational	Existing Use Value - Social Housing
- Offices, Community Centres	Operational	Fair Value
- Surplus Land	Non Operational	Fair Value
- Service Tenancies	Operational	Existing Use Value - Social Housing
- Leased Properties	Non Operational	Fair Value
- Additional properties not allocated to a beacon	Operational	Fair Value

continues overleaf

Service Area	Operational / Non Operational	Basis of Valuation
Education		
Schools		
- School Buildings	Operational	Depreciated Replacement Cost
- School Playing Fields	Operational	Fair Value
Voluntary Aided Schools		
- School Buildings	Operational	Depreciated Replacement Cost
- School Playing Fields	Operational	Fair Value
Education - Non School Assets		
- i.e. Youth Centres and Nurseries	Operational	Combination of DRC and Fair Value depending on individual property
Leisure		
Leisure Centres	Operational	Depreciated Replacement Cost
Cemeteries		
Cemetery and Crematorium	Operational	Depreciated Replacement Cost
Social Care Properties		
Day Centres and Residential Care Homes	Operational	Combination of DRC and Fair Value depending on individual property
Council Offices	Operational	Fair Value
Transport & Highways		
Multi Storey Car Parks	Operational	Depreciated Replacement Cost
Surface Car Parks	Operational	Fair Value
Libraries	Operational	Depreciated Replacement Cost
Parks		
Parks Buildings - changing rooms, attendants' huts	Operational	Combination of DRC and Fair Value depending on individual property
Investment Property	Non Operational	Fair Value
Industrial Units	Non Operational	Fair Value
Shops - North	Non Operational	Fair Value
Shops - South	Non Operational	Fair Value

For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair 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. All valuations have been carried out by our in-house valuers. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CI&ES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for in the following ways:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CI&ES.

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

Depreciation

Depreciation is provided for on all fixed assets with a finite useful life. The length of this life is determined at the point of acquisition or revaluation according to the following policy:

Assets acquired in the first half of a financial year are depreciated on the basis of a full year's charge; assets acquired in the second half are not depreciated until the following financial year.

Assets that are not fully constructed are not depreciated until they are brought into use.

Depreciation is calculated using the straight-line method, which charges an equal annual amount to the CI&ES, so that the asset's value is fully written down over its useful life.

From 2010/11 where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components can be depreciated separately and will be considered for componentisation. Any assets identified as requiring depreciation under component accounting policies are not depreciated under this methodology until the following financial year.

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings – 50 - 70 years
- Other Land and Buildings – 25 - 70 years
- Vehicles, Plant, Furniture & Equipment – 5 - 20 years
- Infrastructure – 40 years

Asset Life – Remaining Life

Whilst an attempt is made to correctly identify each individual asset's useful life, there are some generalisations. For example, buildings tend to have a useful life of 50 years. Although in specific examples based upon a valuation review, a new building can have a life as short as 25 years or as long as 70 years depending on the construction materials used. This life would be recorded in accordance with the local qualified Royal Institution of Chartered Surveyors (RICS) or Chartered Institute of Building (CIB) Member.

Equipment and vehicles are depreciated over 5 years, plant over 12 years and infrastructure over 40 years, except for items of plant, equipment and vehicles that are held under a finance lease, which are depreciated over the length of the lease.

Residual Values – Depreciation

As the Council policy is to use building and equipment to the end of their useful life, it is the policy not to adopt residual values. Any IT equipment is recycled to schools or the voluntary sector. Any other equipment with a residual value would be insignificant. For these reasons residual values will not be adopted for the calculation of depreciation. The residual values of assets carried at historical cost (i.e. community and infrastructure assets) will not be material.

Impairments

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

Where impairment losses are identified, they are accounted for in the following ways:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CI&ES.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CI&ES.

Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale. In general, the following conditions must be met for an asset to be classified as held for sale:

- management is committed to a plan to sell;
- the asset is available for immediate sale ;
- an active programme to locate a buyer is initiated;
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions);
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value;
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

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

The assets need to be disposed of through sale. Therefore, assets that are expected to be scrapped or abandoned would not meet the definition.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CI&ES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CI&ES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority’s underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

Component Accounting

The policy has been developed following the requirement stipulated in the Code of Practice on Local Authority Accounting in the United Kingdom (The Code). The Code specifies the requirements for component accounting for the separate recognition, depreciation and derecognition of parts of assets under International Accounting Standard 16 (IAS 16) – Property, Plant & Equipment. Further best practice guidance has been adopted from the Local Authority Accounting Panel (LAAP) Bulletin 86 Componentisation of Property, Plant & Equipment. The adoption of this guidance has ensured compliance with The Code and appropriateness to the Council's specific circumstances.

Component accounting is where an asset has two or more significant identifiable components which in turn have substantially different lives; the asset should be treated as separate components and depreciated appropriately. For this purpose the asset is the non-land element recognised in the accounts.

A significant component is defined as one that has a significant value/cost when compared to the total cost of the asset as a whole but has a significantly shorter useful life and will require replacement at least on one occasion during the life of the asset.

The objective is to ensure that the financial value of the assets is fairly reflected in the Balance Sheet and that the income and expenditure account appropriately reflects the consumption of economic benefits inherent in those assets.

Componentisation only needs to be considered: it is not compulsory for all buildings; in the majority of cases it probably will not be necessary at all.

De Minimis Levels for componentisation:

As in previous years, the de minimis level of £2m has been set in 2015/16 for the Council for component accounting. Any asset valued below this will not be considered for componentisation. This threshold was set following consultation with the valuers and after undertaking historical statistical analysis that highlighted if component accounting was applied to all assets the depreciation would only vary by approximately 0.09% of the current asset value. This de minimis level will continue to be reviewed on an regular basis.

Materiality Level of Assets:

Groups of assets with similar characteristics that individually are below the de minimis level but when grouped together the value exceeds £2m will be considered for componentisation.

When these assets are grouped together and the enhancement expenditure is not readily identifiable to a specific asset and the enhancement expenditure in any specific year is below 10% of that assets total component value, the expenditure will be excluded for componentisation purposes.

Componentisation Principles:

The consideration of components is as a minimum required when one of the following triggers occurs:
(i) Any asset in the revaluation programme for 2015/16;
(ii) Properties that have undergone significant enhancement expenditure;
(iii) Properties that have undergone a change of use that materially affects the value;
(iv) Acquisition of a new asset.

The CIPFA document 'Valuations for Capital Accounting 2009' states that Authorities should not go to unnecessary expense in meeting the obligations of IFRS. This has been a key principle in adopting the chosen component accounting policy for the Council, given that none of the Council's current information systems could deliver the requirements of component accounting.

Where there is more than one significant component part of the same asset with the same useful life and similar method of depreciation, then such component parts will be grouped together for depreciation purposes.

Base Components:

The base components identified are based on the Use of Building Cost Information Services (BCIS) component life data and indices. This initial base information has been supplemented by Spon's Architects & Builders price book and in house expertise to estimate component percentages of the various assets.

The components identified are listed below:
Substructure;
Superstructure;
Internal Finishes;
Fittings & Furnishings;
Services;
External Works; and
Preliminaries.

Within a group of assets where no detailed component life is available and the asset has an identifiable useful life each component shall not have a life greater than the useful life of the asset.

Trigger points for componentisation: Revaluation

Desktop valuations would not trigger component accounting, as it is not sufficient to assess components (i.e. an additional exercise would be required). Usually a full valuation would be needed in order to assess components.

In adopting the CIPFA principles to calculate component accounting entries, we have reviewed guidance which recommends that consideration should be given to the allocation of the revaluation reserve across the recognised asset components. Our policy is that at this early stage in the development of our componentisation methodology and accounting policies that we do not consider this to be relevant or necessary given the rest of our accounting policy on componentisation. We will of course review this annually in line with the review of all accounting policies.

Trigger points for componentisation: Enhancement

Enhancement expenditure required to trigger componentisation for any specific component is where expenditure is greater than 15% of the value of the component.

Where a significant component is replaced or enhanced the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected in the carrying amount. If the carrying value of the derecognised component is less than 5% of the value of the total component then this derecognition is considered immaterial and will be recognised when the asset is next valued in the regular cycle.

Where it is not possible to identify the cost of a replaced component, it is allowable to use the cost of the new component as an indication of what the cost of the replaced component was at the time it was acquired or constructed, adjusted for depreciation and impairment. Assuming this calculation is on a reasonable basis. If the component has exceeded its estimated life it will be assumed to be fully depreciated and have a carrying value of £nil.

Professional Involvement:

The principles and policies developed above have been produced and are supported by professional officers with Internal Valuers, Property Services, Building Design and the Asset Management and Accountancy teams of Solihull Community Housing. The relevant professionals, with the support of the BCIS & Spon's indices analysis, have determined the useful life of components for the various asset categories in the component accounting database. This will be periodically reviewed with the relevant professionals to ensure accuracy.

The final stage was the professionals' agreement of the asset values over the various components. This dataset is contained within the component accounting database and will be reviewed periodically to ensure accuracy.

Housing Revenue Account (HRA) Properties:
The component accounting policy above does not apply to HRA properties. The Housing Revenue Account self-financing determinations issued in 2012 requires local authorities to move to depreciation being a real charge to the HRA. The determinations allowed a transitional period up to and including 2016/17 whereby a transfer from the Major Repairs Reserve can be included to fund capital expenditure on dwellings and give more time to move towards depreciation being a real charge. It is the intention to apply component accounting to HRA properties after the transitional period.

21. Overheads
The following two cost categories are separately defined in the Service Reporting Code of Practice (SERCOP) and accounted for as separate headings in the CI&ES as part of the Net Cost of Services:

- Corporate and Democratic Core - costs relating to the Council's status as a multifunctional, democratic organisation;
- Non Distributed Costs - past service costs relating to retirement benefits, the costs associated with any long-term unused but realisable assets and impairment losses on surplus assets held for disposal

All central support costs not covered by these two categories are fully allocated to services on a consistent and equitable basis in accordance with SERCOP.

22. Service Concession Arrangements - Private Finance Initiatives (PFI), Public-Private Partnership (PPP) and similar contracts
PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. In accordance with the latest recommended practice in the Code, based on IFRIC 12 the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The exception is when a PFI school transfers to academy status the building asset is disposed of and the land subject to revaluation with the balance sheet subsequently amended. The unitary charge payment liability, for the academy schools, remains with the Council.

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.

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 CI&ES;
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CI&ES;
- 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 CI&ES;
- 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 – a proportion of the amount 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.

23. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council makes provisions for insurance risks not covered by the Council's policies where the potential costs have been estimated.

Provisions are charged as an expense to the appropriate service line in the CI&ES in the year that the Council 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, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received by the Council.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council 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 a note to the accounts. Where practicable an estimate of the financial effect, an indication of the uncertainties relating to the timing of the outflow and the possibility of any reimbursement will be disclosed. However, if disclosure of some or all of the information required could be expected to prejudice seriously the position of the Council in a dispute with other parties, then the general nature of the dispute, recognition of the fact that information has been withheld together with the reason will be disclosed.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council 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 where it is probable that there will be an inflow of economic benefits or service potential. Where practicable an estimate of the financial effect will be disclosed. However, if disclosure of some or all of the information required could be expected to prejudice seriously the position of the Council in a dispute with other parties then the general nature of the dispute, recognition of the fact that information has been withheld together with the reason will be disclosed.

24. Reclassifiable Transactions Within Other Comprehensive Income and Expenditure

As all the amounts included in Other Comprehensive Income and Expenditure are not reclassifiable in the Surplus or Deficit on the Provision of Services then the items within this account have not been grouped into amounts that may be reclassifiable and amounts that are not.

25. Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

26. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service in the CI&ES in the year.

Where the Council has met the cost of this expenditure from existing capital resources or by borrowing, so that there is no impact on the level of council tax, the cost is subsequently reversed out from the CI&ES to the Capital Adjustment Account.

27. Surplus Assets

Surplus assets are assets that are surplus to service needs but do not meet the definition of either investment property or assets held for sale.

28. Trading Operations

Trading accounts are produced for service areas where the external income received is greater than 1% of the Council's gross income; income and expenditure for this activity is shown as 'Surplus/ deficit of trading operations not allocated to services' on the CI&ES. Income and expenditure for service areas where external income is less than 1% of the Council's gross income is included within the relevant service line of the Cost of Services within the CI&ES. This position is reviewed on an annual basis.

29. Value Added Tax (VAT)

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

30. Carbon Reduction Commitment

The authority is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the second year of its second phase, which ends on 31 March 2019. The authority is required to purchase allowances, either prospectively or retrospectively, and surrender them 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 in the accounts. The liability will be discharged by surrendering allowances. The liability was measured at the 2015/16 'forecast sale' price of £16.10 per tonne of carbon emitted and the best estimate of the number of allowances required to meet the liability at the 31st March 2016. 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.

Housing Revenue Account

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a revenue account for local Council housing provision in accordance with Part 6 of the Local Government and Housing Act 1989. The Account is required to be self-financing and cannot be subsidised by the General Fund.

The amounts included in the HRA differ from the amounts in respect of HRA services included in the CI&ES for the Council as a whole, which includes income and expenditure in accordance with the Code of Practice rather than in accordance with statute and non-statutory proper practices.

HRA Comprehensive Income and Expenditure Statement

31 March 2015 £000		31 March 2016 £000	31 March 2016 £000
	Expenditure		
9,202	Repairs and maintenance	**9,389**	
11,952	Supervision and management	**11,956**	
936	Rents, rates, taxes and other charges	**996**	
9,142	Depreciation and impairment of non-current assets	**9,791**	
149	Amortisation of intangible assets	**165**	
59	Debt management costs	**54**	
752	Movement in the impairment allowance for debts	**257**	
32,192	**Total Expenditure**		**32,608**
	Income		
(41,707)	Dwelling rents	**(42,076)**	
(1,104)	Non-dwelling rents	**(1,110)**	
(2,641)	Charges for services and facilities	**(2,349)**	
(54)	Contributions towards expenditure	**(44)**	
(45,506)	**Total Income**		**(45,579)**
(13,314)	**Net income from HRA services as included in the CI&ES**		**(12,971)**
24	HRA services' share of corporate and democratic core		**79**
(13,290)	**Net income for HRA services**		**(12,892)**
	HRA share of the operating income and expenditure included in the CI&ES:		
(1,733)	Gain on sale of HRA non-current assets		**(1,771)**
7,399	Interest payable and similar charges		**7,393**
(61)	Interest and Investment Income		**(88)**
0	Changes in fair value of investment property		**(127)**
(706)	Capital grants and contributions receivable		**(306)**
(8,391)	**Surplus for the year on HRA services**		**(7,791)**

For the final Movement in Reserves position see the MIRS and Note 6 - Adjustments between Accounting Basis and Funding Basis under Regulations.

Notes to the Housing Revenue Account

H1. Housing Stock

On 31 March 2016 the Council held 9,996 dwellings. There was a net decrease of 81 dwellings during the year (3 acquisitions, less 83 sales and 1 transfer out), compared to an increase of 3 dwellings in 2014/15.

	31 March 2015	**31 March 2016**
Houses	3,349	**3,289**
Flats	4,896	**4,874**
Bungalows	1,762	**1,762**
Maisonettes	70	**71**
	10,077	**9,996**

H2. Balance Sheet Value

The values of HRA land, dwellings and other property are detailed below:

	31 March 2015	**31 March 2016**
	£000	**£000**
Dwellings	290,703	**299,514**
Garages	19,879	**19,765**
Other Land and Buildings	2,028	**2,041**
Vehicles, Plant and Equipment	344	**1,040**
Assets Under Construction	491	**566**
Investment Property	1,301	**1,429**
	314,746	**324,355**

H3. Vacant Possession Value of Dwellings

As at 1 April 2015 the vacant possession value of dwellings within the Council's HRA was £842.166m, valued in accordance with the Guidance on Stock Valuation for Resource Accounting. The difference between this figure and the £299.514m valuation included within the Balance Sheet shows the economic and social cost to the Government of providing council housing.

H4. Major Repairs Reserve

The movement on the Major Repairs Reserve is detailed below:

	2014/15	**2015/16**
	£000	**£000**
Balance at 1 April	(1,831)	**(2,704)**
Contributions to the Major Repairs Reserve	(10,457)	**(10,739)**
Capital spending on dwellings	9,584	**12,003**
Balance at 31 March	(2,704)	**(1,440)**

H5. Capital Financing

	2014/15	**2015/16**
	£000	**£000**
Expenditure on Capital during the year		
Council Dwellings	13,463	**12,082**
Other Land and Buildings	1,379	**0**
Vehicles, Plant and Equipment	168	**799**
Intangible Assets	125	**204**
Assets Under Construction	462	**75**
Total	15,597	**13,160**
Funded by:		
Usable Capital Receipts	456	**30**
Capital Grants and Contributions	708	**306**
Revenue and Reserve Contributions	4,849	**821**
Major Repairs Reserve	9,584	**12,003**
Total	15,597	**13,160**

H6. Capital Receipts

Gross capital receipts of £4.386m were generated from the sale of land and houses during 2015/16. The position is summarised as follows;

Capital Receipts	2014/15	**2015/16**
	£000	**£000**
Sale of Council Dwellings	(3,190)	**(4,377)**
Sale of Land	(74)	**0**
Discounts repaid	0	**(9)**
	(3,264)	**(4,386)**
Less:		
Pooling contributions	1,187	**1,564**
Administration Costs	70	**108**
Total	(2,007)	**(2,714)**

H7. HRA Depreciation and Impairment

The depreciation and impairment charged to the HRA is shown below:

	2014/15	**2015/16**
	£000	**£000**
Dwellings	7,090	**7,650**
Garages	1,286	**1,988**
Other Land and Buildings	35	**50**
Equipment	108	**103**
sub-total Depreciation	8,519	**9,791**
Revaluation (gain)/ loss	623	**0**
Total Depreciation and Impairment	9,142	**9,791**

H8. Amortisation

The charge to the HRA in 2015/16 in respect of the amortisation of intangible assets was £0.165m (2014/15: £0.149m)

H9. Impairments

Under Resource Accounting, the value of stock has to be verified each year. This process identifies any impairment to be recorded in the accounts. No impairment was written back to the Revaluation Reserve during 2015/16.

H10. Rent Arrears

Rent arrears are the amount of rent owed to the Council.

Date	Total Rent Arrears	% of total income due in year
	£000	%
At 31 March 2015	1,751	3.56
At 31 March 2016	**1,934**	**3.93**

H11. Other HRA Arrears

Other arrears owed to the Council include leaseholder planned maintenance costs, housing benefit overpayments, court costs and repairs.

Date	Total Other Arrears	% of total income due in year
	£000	%
At 31 March 2015	1,058	2.15
At 31 March 2016	**1,045**	**2.12**

H12. Housing Debt Impairment Allowance

The Council puts aside money to allow for the possibility that a proportion of the outstanding rent arrears (as per Note H10) and other HRA arrears (as per Note H11) will not be paid. That money is known as the Housing Debt Impairment Allowance in accordance with the Code. The movement between year end balances is shown below:

	2014/15	**2015/16**
	£000	**£000**
Balance at 1 April	(1,724)	**(2,187)**
Arrears reinstated	(7)	**(7)**
Contribution to impairment allowance	(752)	**(257)**
Net write offs	296	**169**
Balance at 31 March	(2,187)	**(2,282)**

H13. HRA Self Financing

The main principle behind HRA self-financing is that if landlords implement guideline rent increases, have average levels of management and maintenance costs and manage their borrowing costs well, they should have sufficient resources to cover their capital investment needs when calculated over a 30-year period.

In 2011/12, the Government's Self–financing Determination resulted in the Council taking on a further £69.566m of HRA debt in exchange for being released from the subsidy system. Taking advantage of the special lower interest rate for new loans available for this purpose, the Council used Public Works Loans Board (PWLB) loans to finance the settlement payment which was made to the Secretary of State on 28 March 2012.

The borrowing taken during 2011/12 continues to be recognised on the Council's Balance Sheet, the related interest charge for 2015/16 of £7.393m (2014/15: £7.399m) has been included in the Comprehensive Income & Expenditure Account.

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund.

The Collection Fund statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

Collection Fund Income and Expenditure Statement

2014/15 Restated [1] Council Tax £000	Business Rates £000	Total Collection Fund £000		2015/16 Council Tax £000	Business Rates £000	Total Collection Fund £000
			Amounts required by statute to be credited to the Collection Fund			
(97,661)	(112,685)	(210,346)	Income receivable (net of exemptions and reliefs)	(99,393)	(121,730)	**(221,123)**
0	675	675	Transitional protection payments	0	154	**154**
			Contributions towards previous year's estimated Collection Fund deficit			
(325)	(3,525)	(3,850)	Solihull MBC	0	(2,394)	**(2,394)**
0	(3,596)	(3,596)	Central Government	0	(2,443)	**(2,443)**
(15)	(72)	(87)	West Midlands Fire & Rescue Authority	0	(49)	**(49)**
(28)	0	(28)	West Midlands Police & Crime Commissioner	0	0	**0**
(98,029)	(119,203)	(217,232)	**Total amounts required by statute to be credited**	**(99,393)**	**(126,462)**	**(225,855)**
			Amounts required by statute to be debited to the Collection Fund			
			Precepts, demands and shares			
84,725	55,190	139,915	Solihull MBC	86,262	57,625	**143,887**
7,441	0	7,441	West Midlands Police & Crime Commissioner	7,726	0	**7,726**
3,837	1,126	4,963	West Midlands Fire & Rescue Authority	3,983	1,176	**5,159**
0	56,316	56,316	Central Government	0	58,801	**58,801**
			Charges to Collection Fund			
487	589	1,076	Increase in allowance for impairment of debts	253	514	**767**
0	5,446	5,446	Increase in allowance for impairment of business rate appeals	0	3,323	**3,323**
0	243	243	Charge for allowable collection costs for business rates	0	248	**248**
			Contributions towards previous year's estimated Collection Fund surplus			
0	0	0	Solihull MBC	1,907	0	**1,907**
0	0	0	West Midlands Fire & Rescue Authority	87	0	**87**
0	0	0	West Midlands Police & Crime Commissioner	170	0	**170**
96,490	118,910	215,400	**Total amounts required by statute to be debited**	**100,388**	**121,687**	**222,075**
(1,539)	(293)	(1,832)	**Movement on the fund balance**	**995**	**(4,775)**	**(3,780)**
(739)	11,296	10,557	Opening balance at 1 April	(2,278)	11,003	**8,725**
(2,278)	11,003	8,725	**Closing balance at 31 March** [2]	**(1,283)**	**6,228**	**4,945**

Collection Fund Income and Expenditure Statement (continued)

[1] The format for the Collection Fund has been revised and therefore, the 2014/15 figures have been restated in this format.

[2] Note C3 to the collection fund gives a further analysis of the movement on the fund balance.

Notes to the Collection Fund

C1. Council Tax

At the beginning of the year, the Council calculates the level of council tax required to pay for its services. The amount of tax paid by local residents is based on the value of their property adjusted for any discounts or exemptions that apply. There are eight property valuation bands: A to H.

The council tax base, which represents the number of domestic properties in the borough expressed as equivalent to Band D dwellings, can be broken down as follows for 2015/16:

Band	Number of dwellings on Valuation List	Dwellings for council tax purposes	Multiplier	Dwellings as Band D equivalents
A	13,886	6,999	6/9	4,666
B	11,790	7,617	7/9	5,924
C	21,831	17,216	8/9	15,303
D	16,333	14,019	9/9	14,019
E	11,494	10,399	11/9	12,710
F	8,673	8,093	13/9	11,690
G	5,261	4,965	15/9	8,275
H	352	325	18/9	650
Total Band D equivalents (tax base)	**89,620**	**69,633**		**73,237**
Adjustment for collection rate of 98.75%				(732)
Net tax base (Band D equivalents)				**72,505**

The level of council tax paid by a Band D property is calculated by dividing the total amount that the Council needs to raise from council tax by the tax base and assuming a 99% collection rate. This is converted to the amount payable by properties in other bands by applying the multiplier given in the table above. In 2015/16, the average Band D council tax including Police, Fire and parish precepts was £1,351.23 (14/15: £1,347.82).

The actual gross income in 2015/16 was £99.393m, which in council tax base terms would be 73,368 Band D equivalent dwellings. The effect of this higher than anticipated tax base was a council tax surplus in the year of £1.169m (2014/15: £1.171m surplus), as shown in the table below:

	£000	£000
Anticipated gross income from council tax (from multiplying the gross tax base by the average council tax)	98,961	
Actual gross income	(99,393)	
Surplus for the year before allowance for impairment		(432)
Anticipated allowance for impairment (from multiplying the collection rate adjustment by the average council tax)	(990)	
Actual allowance for impairment of debts	253	
Surplus for the year in relation to the allowance for impairment		(737)
Surplus for the year		**(1,169)**

Notes to the Collection Fund (continued)

C2. Non Domestic Rates

Local businesses pay non domestic rates/business rates to the Council. A proportionate share (49%) of the business rates collected by the Council is retained, with the rest being paid out to Central Government (50%) and the West Midlands Fire and Rescue Authority (1%). The Council is required to pay a tariff out of its share in order for there to be equalisation of business rates income across the country and also a levy on any growth in income above a government-set baseline level. The council is part of the Greater Birmingham and Solihull business rates pool, which allows any levies due from members to be pooled and spent in accordance with the priorities of the Greater Birmingham and Solihull Local Enterprise Partnership.

The Government determines the level of business rates payable, which was set at 49.3 pence per pound of rateable value in 2015/16 (2014/15: 48.2 pence). There is also a Small Business Rate multiplier which was set at 48.0 pence per pound of rateable value in 2015/16 (2014/15: 47.1 pence). The Valuation Office Agency sets the rateable value of each property. As at 31 March 2016, the total rateable value for properties in Solihull was £275.991m. (31 March 2015: £262.697m).

	£000
Gross business rates income (from multipliying the total rateable value as at 31.3.16 by the small business rate multiplier)	**132,475**
less reduction in income due to rateable value changes throughout year	(874)
Gross income 15/16	131,601
less mandatory, discretionary and unoccupied property reliefs	(9,871)
Net Business rates income receivable	**121,730**

C3. Analysis of the movement on fund balance

	Council Tax	**Non Domestic Rates**	**Total Collection Fund**
	£000	**£000**	**£000**
Opening balance as at 1 April 2015:	(2,278)	11,003	8,725
Declared surplus/ (deficit) (distributed in 2015/16)	2,164	(4,886)	(2,722)
In-year (surplus)/deficit for 2015/16:			
Solihull MBC	(1,028)	54	(974)
West Midlands Fire & Rescue Authority	(48)	1	(47)
West Midlands Police & Crime Commissioner	(93)	0	(93)
Central Government	0	56	56
Closing balance as at 31 March 2016	**(1,283)**	**6,228**	**4,945**

Council tax income credited to the CIES of £87.290m comprises the Council's precept of £86.262m plus the Council's share of the in-year surplus of £1.028m.
Non-domestic rates income credited to the CIES of £29.821m comprises the Council's share of £57.625m, the Council's share of the in-year deficit of £0.054m less the tariff/levy payment due to the pool of £27.750m.

Group Accounts

Full group accounts, to include all the organisations in which the Council has a material interest, have been prepared for 2015/16 and are included on the following pages.

The organisations which are included within our group accounts are:
Solihull Community Housing Ltd;
Blythe Valley Innovation Centre Ltd;
Coventry and Solihull Waste Disposal Company Ltd.

Group Accounts

Consolidated Group Entities

Solihull Community Housing Ltd

Solihull Community Housing, an arms length company set up to manage the Council's housing stock was formed on the 1 April 2004 as a wholly owned subsidiary of the Council; its accounts have been consolidated into the group accounts on a line by line basis.

Blythe Valley Innovation Centre Ltd

Blythe Valley Innovation Centre Ltd was set up in 2000, as a joint venture with Blythe Valley JV Sarl, in order to promote business enterprise. In July 2013, the Council acquired the shares owned by Blythe Valley JV Sarl, thereby becoming the sole shareholder in the business. The accounts of the Company have been consolidated, as a subsidiary, into the group accounts on a line by line basis.

Coventry and Solihull Waste Disposal Company Ltd

The Council's interest in Coventry and Solihull Waste Disposal Company Ltd whose business is the disposal of waste is set out in Note 15a. The Council's interest in the joint venture has been consolidated into the group accounts under the equity method.

Group Movement in Reserves Statement (MIRS)

The Group Movement in Reserves Statement shows the movement in the year on the different reserves held by the Council, together with the movement in the Council's share of those entities in which it has a financial interest.

2015/16	Total Council Usable Reserves * £000	Total Council Unusable Reserves £000	**Total Council Reserves £000**	Council Share of Group Reserves £000	**Total Reserves (Incl Group) £000**
Balance at 1 April 2015	(80,933)	(312,468)	**(393,401)**	20,522	**(372,879)**
Group (Surplus) or deficit on the provision of services	27,869	0	**27,869**	(2,895)	24,974
Other comprehensive income and expenditure	0	(47,909)	**(47,909)**	(1,875)	(49,784)
Total comprehensive income and expenditure	27,869	(47,909)	**(20,040)**	(4,770)	**(24,810)**
Adjustments between accounting basis & funding basis under regulations (Note 6)	(37,395)	37,395	**0**	0	**0**
(Increase)/decrease in 2015/16	(9,526)	(10,514)	**(20,040)**	(4,770)	**(24,810)**
Balance at 31 March 2016	(90,459)	(322,982)	**(413,441)**	15,752	**(397,689)**

2014/15	Total Council Usable Reserves * £000	Total Council Unusable Reserves £000	**Total Council Reserves £000**	Council Share of Group Reserves £000	**Total Reserves (Incl Group) £000**
Balance at 1 April 2014	(92,090)	(356,152)	**(448,242)**	13,750	**(434,492)**
Group (Surplus) or deficit on the provision of services	18,351	0	**18,351**	2,065	20,416
Other comprehensive income and expenditure	0	36,490	**36,490**	4,707	41,197
Total comprehensive income and expenditure	18,351	36,490	**54,841**	6,772	**61,613**
Adjustments between accounting basis & funding basis under regulations (Note 6)	(7,194)	7,194	**0**	0	**0**
(Increase)/decrease in 2014/15	11,157	43,684	**54,841**	6,772	**61,613**
Balance at 31 March 2015	(80,933)	(312,468)	**(393,401)**	20,522	**(372,879)**

* A full analysis of Total Council Usable Reserves can be found within the Council's Single Entity Movement in Reserves Statement.

Group Comprehensive Income and Expenditure Statement

The Group Comprehensive Income and Expenditure Statement combines the income and expenditure figures of the Council with the Council's share of the operating results of those entities in which it has a financial interest.

	Year ended 31 March 2016		
	Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**
Adult social care	90,435	(31,045)	59,390
Central services	4,739	(3,062)	1,677
Children's and education Services	195,872	(147,454)	48,418
Cultural and related Services	11,084	(3,255)	7,829
Environmental and regulatory services	18,216	(6,153)	12,063
Highways & transport Services	24,110	(7,321)	16,789
Local authority housing (HRA)	32,624	(47,191)	(14,567)
Other housing services	63,972	(61,280)	2,692
Planning services	28,469	(12,451)	16,018
Public health	10,465	(10,452)	13
Corporate & democratic core	4,779	(851)	3,928
Non distributed cost	1,979	(2,407)	(428)
Cost of Services	**486,744**	**(332,922)**	**153,822**
Payments of precepts to parishes			1,162
Levies payable			9,944
Amounts payable into the housing capital receipts pool			1,564
Loss on disposal of non-current assets			12,378
Total Other Operating Expenditure			**25,048**
Interest payable on debt			10,994
Interest payable on finance leases			541
Interest payable on PFI unitary payments			4,779
Pension interest costs			8,233
Investment interest income			(568)
Other investment income			(3,682)
Surplus of trading operations not allocated to services			(46)
Changes in fair value of investment properties			(114)
Rents received on investment properties			(930)
Expenses incurred on investment properties			601
Total Financing and Investment Income & Expenditure			**19,808**
Council tax			(87,290)
Non-domestic rates			(29,821)
Non-ring fenced government grants			(32,322)
Recognised capital grants and contributions			(22,348)
Total Taxation and Non-Specific Grant Income			**(171,781)**
Deficit on Provision of Services			**26,897**
Share of operating results of joint venture			(2,444)
Share of taxation of joint venture			73
Tax expenses of subsidiaries			448
Group Deficit on Provision of Services			**24,974**
Surplus on revaluation of non current assets			(18,059)
Impairment losses on non-current assets charged to revaluation reserve			3,999
(Surplus) or deficit on revaluation of available for sale financial assets			(1,439)
Remeasurement of the net defined benefit liability			(34,285)
Any other (gains)/losses			0
Other Comprehensive Income and Expenditure			**(49,784)**
Total Comprehensive Income and Expenditure			**(24,810)**

Group Comprehensive Income and Expenditure Statement

Prior year comparatives (restated [1])

	Year ended 31 March 2015		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Adult social care	80,070	(19,907)	60,163
Central services	5,305	(3,439)	1,866
Children's and education Services [1]	192,636	(152,461)	40,175
Cultural and related Services	10,952	(3,407)	7,545
Environmental and regulatory services	17,215	(6,404)	10,811
Highways & transport Services	24,268	(7,503)	16,765
Local authority housing (HRA)	32,915	(45,506)	(12,591)
Other housing services	63,875	(62,971)	904
Planning services	14,861	(4,745)	10,116
Public health	9,945	(9,997)	(52)
Corporate & democratic core	4,468	(817)	3,651
Non distributed cost	491	(1,535)	(1,044)
Cost of Services	**457,001**	**(318,692)**	**138,309**
Payments of precepts to parishes			1,122
Levies payable			10,495
Amounts payable into the housing capital receipts pool			1,187
Loss on disposal of non-current assets			16,555
Total Other Operating Expenditure			**29,359**
Interest payable on debt			10,459
Interest payable on finance leases			211
Interest payable on PFI unitary payments			5,273
Pension interest costs			8,318
Investment interest income			(346)
Other investment income			(626)
Surplus of trading operations not allocated to services			0
Changes in fair value of investment properties			(3,900)
Rents received on investment properties			(4,547)
Expenses incurred on investment properties			420
Total Financing and Investment Income & Expenditure			**15,262**
Council tax			(85,756)
Non-domestic rates			(26,247)
Non-ring fenced government grants			(38,266)
Recognised capital grants and contributions			(13,692)
Total Taxation and Non-Specific Grant Income			**(163,961)**
Deficit on Provision of Services			**18,969**
Share of operating results of joint venture			917
Share of taxation of joint venture			56
Tax expenses of subsidiaries			474
Group Deficit on Provision of Services			**20,416**
Surplus on revaluation of non current assets			(15,445)
Impairment losses on non-current assets charged to revaluation reserve			41
(Surplus) or deficit on revaluation of available for sale financial assets			491
Remeasurement of the net defined benefit liability			56,123
Any other (gains)/losses			(13)
Other Comprehensive Income and Expenditure			**41,197**
Total Comprehensive Income and Expenditure			**61,613**

[1] Children's and Education Services gross income and expenditure have been restated for PFI unitary charges from academy schools of £4.344m that were originally shown as netting off gross expenditure.

Group Balance Sheet

The Group Balance Sheet shows as at 31 March the assets and liabilities of the Group, and combines the Council's assets and liabilities with its share of the assets and liabilities of those entities in which it has a financial interest.

1 April 2015 £000		**31 March 2016 £000**
837,765	Property, Plant and Equipment	**906,621**
950	Heritage Assets	**950**
92,177	Investment Property	**13,164**
1,389	Intangible Assets	**1,030**
0	Long Term Investments - Money market loans	**2,000**
14,348	Long Term Investments - Available for sale financial assets	**15,787**
11,315	Investments in Associates and Joint Ventures	**11,342**
1,612	Long Term Debtors	**809**
959,556	**Long Term Assets**	**951,703**
23,184	Short Term Investments	**34,305**
799	Inventories	**925**
24,316	Short Term Debtors	**29,294**
9,276	Cash and Cash Equivalents	**16,015**
3,868	Payments In Advance	**3,809**
219	Carbon Allowances	**230**
61,662	**Current Assets**	**84,578**
(8,937)	Bank Overdraft	**(15,210)**
(2,603)	Short Term Borrowing	**(2,663)**
(37,974)	Short Term Creditors	**(41,081)**
(3,570)	Short Term Provisions	**(5,684)**
(13,892)	Receipts in Advance	**(13,642)**
(66,976)	**Current Liabilities**	**(78,280)**
(3,316)	Long Term Provisions	**(2,585)**
(248,847)	Long Term Borrowing	**(247,954)**
(264,137)	Net Pensions Liability	**(245,369)**
(60,900)	Other Long Term Liabilities	**(58,832)**
(4,163)	Capital Grants Receipts in Advance	**(5,572)**
(581,363)	**Long Term Liabilities**	**(560,312)**
372,879	**Net Assets**	**397,689**
	Financed by:	
(81,678)	Usable Reserves (see Note G5)	**(92,555)**
(275,762)	Unusable Reserves (see Note G6)	**(288,559)**
(15,439)	Group Income & Expenditure Reserve	**(16,575)**
(372,879)	**Total Reserves**	**(397,689)**

Group Cash Flow Statement

The Group Cashflow Statement shows the change in the year of cash and cash equivalents of the Council and those entities in which it has a financial interest.

31 March 2015 £000		**31 March 2016 £000**
20,416	Net group deficit on the provision of services	**24,974**
(58,745)	Adjustments to net surplus or deficit on the provision of services for non cash movements (Note G1)	(87,396)
17,429	Adjustments for items in the net surplus or deficit on the provision of services that are investing and financial activities	26,382
(20,900)	**Net cash flows from operating activities**	**(36,040)**
35,359	Investing activities (Note G3)	32,887
(12,555)	Financing activities (Note G4)	2,687
1,904	**Net Decrease/ (Increase) in cash and cash equivalents**	**(466)**
	Overall Movement in cash and cash equivalents	
2,243	Cash and cash equivalents at the beginning of the reporting period	339
(1,904)	Net increase/ (decrease) in cash and cash equivalents	466
339	**Cash and cash equivalents at the end of the reporting period**	**805**

Notes to the Council's Group Accounts

G1. Cash Flow Statement - Adjustments to Net Deficit on the Provision of Services for non cash movements

2014/15 £000		2015/16 £000
(28,937)	Depreciation	**(30,644)**
(6,896)	Impairments and revaluations	**(23,715)**
(404)	Amortisation	**(597)**
0	Release of capital grant to income and expenditure	**781**
4,897	Movement in pension liability	**(15,517)**
(23,571)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	**(15,303)**
3,900	Changes in fair value of investment properties	**114**
(4,951)	Increase/(decrease) in debtors	**7,263**
(62)	Decrease in interest debtors	**(5)**
(1,112)	Increase in debt impairment allowance	**(349)**
1,311	(Increase)/decrease in creditors	**(7,617)**
(358)	Increase in interest creditors	**(51)**
101	Increase in inventories	**126**
(2,663)	Other non-cash items charged to the net deficit on the provision of services	**(1,882)**
(58,745)		**(87,396)**

G2. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2014/15 £000		2015/16 £000
(381)	Interest received	**(564)**
15,109	Interest paid	**16,207**
(1,112)	Dividends received	**(1,360)**
13,616	**Included within cash flow from Operating Activities**	**14,283**

G3. Cash Flow Statement - Investing Activities

2014/15 £000		2015/16 £000
50,426	Purchase of Property, Plant & Equipment, Investment Property and Intangible Assets	**50,237**
12,815	Purchase of Short Term and Long Term Investments	**36,179**
6,363	Other payments for Investing Activities	**9,592**
(6,553)	Proceeds from the sale of Property, Plant & Equipment, Investment Property and Intangible Assets	**(6,428)**
(15,543)	Capital grants received	**(32,093)**
(11,943)	Proceeds from Short Term and Long Term Investments	**(24,528)**
(206)	Other receipts from Investing Activities	**(72)**
35,359	**Net cash flows from Investing Activities**	**32,887**

Notes to the Council's Group Accounts (continued)

G4. Cash Flow Statement - Financing Activites

2014/15 £000		2015/16 £000
(22,300)	Cash receipts of short- and long-term borrowing	0
(285)	Other movements from financing activities	23
2,705	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	1,680
7,325	Repayments of Short Term and Long Term Borrowing	984
(12,555)	**Net cash flows from Financing Activities**	**2,687**

G5. Usable Reserves

The balance of the Group usable reserves are summarised in the following table:

31 March 2015 £000		31 March 2016 £000
(10,185)	General Fund Working Balance	(11,902)
(3,002)	General Fund Earmarked Balance	(3,762)
(45,546)	Earmarked Revenue Reserves	(48,909)
(9,445)	Housing Revenue Account (HRA)	(13,953)
(4,332)	Capital Receipts Reserve	(4,982)
(2,704)	Major Repairs Reserve	(1,440)
(6,464)	Capital Grants Unapplied Account	(7,607)
(81,678)	Total Usable Reserves	(92,555)

G6. Unusable Reserves

The balance of the Group unusable reserves are summarised in the following table:

31 March 2015 £000		31 March 2016 £000
(153,600)	Revaluation Reserve	(161,942)
(7,720)	Available for Sale Financial Instruments Reserve	(10,634)
(384,143)	Capital Adjustment Account	(365,103)
(294)	Financial Instruments Adjustment Account (FIAA)	(166)
264,137	Pensions Reserve	245,369
3,385	Collection Fund Adjustment Account	1,924
2,473	Accumulated Absences Account	1,993
(275,762)	Total Unusable Reserves	(288,559)

Notes to the Council's Group Accounts (continued)

G7. Subsidiaries

Solihull Community Housing Ltd (SCH)

SCH has operated as an arms length company managing the Council's housing stock since 1st April 2004.

SCH has not incurred any contingent liabilities during the last financial year.

As at 31 March 2016 SCH, as a separate entity, had no outstanding capital commitments other than those reported within the Council's accounts (Note 9).

Blythe Valley Innovation Centre Ltd (BVIC)

BVIC operated since 2000 as a joint venture with BV JV Sarl in order to promote business enterprise. In July 2013 the Council acquired the shares of BV JV Sarl and became the sole shareholder in the Company.

BVIC has not incurred any contingent liabilities during the last financial year.

As at 31 March 2016 BVIC, as a separate entity, had no outstanding capital commitments.

G8. Joint Ventures

Coventry & Solihull Waste Disposal Company Ltd (CSWDC)

The Council's interest in CSWDC is identified in Note 15a - Available for Sale Financial Assets.

The Council (as Reporting Authority) has not incurred any Contingent Liabilities in relation to its interest in Joint Ventures, either in its own right or jointly with our venturers. CSWDC have declared no contingent liabilities for which the Council (as Reporting Authority) is contingently liable.

The Council (as Reporting Authority) does not have any capital commitments in relation to its interest in CSWDC. The Company has declared capital commitments of £1.052m as at 31 March 2016 (2014/15: £0.295m).

G9. Defined Benefit Pension Schemes

Details of the Council's involvement in the Local Government Pension Scheme, Teachers Pension Scheme and NHS Pension Scheme are provided in Note 43 to the Council entity accounts.

Solihull Community Housing Ltd (SCH)

Employees of SCH are entitled to membership of the Local Government Pension Scheme, the details of which are included within Note 43.

The most recent valuation of plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2016.

Notes to the Council's Group Accounts (continued)

G9. Defined Benefit Pension Schemes (continued)

Balance Sheet

The following amounts have been recognised in the Balance Sheet of Solihull Community Housing Ltd and subsequently have been consolidated into the Group Balance Sheet:

	2014/15	**2015/16**
	£000	**£000**
Present value of the defined benefit obligation	(63,289)	**(62,689)**
Fair value of plan assets	50,772	**50,980**
Net liability arising from defined benefit obligation	(12,517)	**(11,709)**

Income and Expenditure Statement

The following amounts have been recognised in the profit and loss account of Solihull Community Housing Ltd and subsequently consolidated into the Group Comprehensive Income and Expenditure Statement:

	2014/15	**2015/16**
	£000	**£000**
Recognised within Deficit on Provision of Services:		
Within Cost of Services:		
• Current service cost	1,409	**1,649**
• Administration costs	21	**22**
Within Financing and Investment Income and Expenditure:		
• Pension interest costs	296	**397**
sub-total Post Employment Benefit charged to the Deficit on the Provision of Services	1,726	**2,068**
Recognised within Other Comprehensive Income and Expenditure:		
Within Remeasurement of the net defined benefit liability:		
• Return on plan assets (excluding the amount charged in the net interest expense)	(4,743)	**1,849**
• Actuarial (gains)/losses arising on changes in financial assumptions	9,463	**(3,724)**
sub-total Post Employment Benefit charged to Other Comprehensive Income and Expenditure	4,720	**(1,875)**
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	6,446	**193**

Assets and liabilities in relation to post employment benefits are shown below:

Reconciliation of the present value of scheme liabilities	2014/15	**2015/16**
	£000	**£000**
Present value of obligation as at 1 April	50,935	**63,289**
Current service cost	1,409	**1,649**
Interest cost	2,274	**2,079**
Contributions from scheme participants	467	**439**
Remeasurement (gains)/losses:		
Actuarial (gains)/losses arising from changes in financial assumptions	9,463	**(3,724)**
Benefits paid	(1,259)	**(1,043)**
Present value of obligation as at 31 March	63,289	**62,689**

Notes to the Council's Group Accounts (continued)

G9. Defined Benefit Pension Schemes (continued)

Reconciliation of the fair value of the scheme assets	2014/15	**2015/16**
	£000	**£000**
Fair value of assets as at 1 April	43,821	**50,772**
Expected return on plan assets	1,978	**1,682**
Remeasurement gain/(loss)	4,743	**(1,849)**
Administration Expenses	(21)	**(22)**
Contributions from employer	1,043	**1,001**
Contributions from scheme participants	467	**439**
Benefits paid	(1,259)	**(1,043)**
Fair value of assets as at 31 March	50,772	**50,980**

Basis for estimating assets and liabilities

The principal assumptions used by the actuary are shown in the following table:

	2014/15	**2015/16**
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	88	**88**
Women	91	**91**
Longevity at 65 for future pensioners:		
Men	90	**90**
Women	93	**93**
Rate of inflation	2.40%	**2.10%**
Rate of increase in salaries	3.75%	**3.85%**
Rate of increase in pensions	2.00%	**2.10%**
Rate for discounting scheme liabilities	3.30%	**3.70%**

Analysis of the scheme assets at the reporting date:

	Percentage share		Fair value of assets	
	2014/15	**2015/16**	2014/15	**2015/16**
	%	**%**	£000	**£000**
Equity instruments	59.0	**61.0**	29,992	**30,854**
Debt instruments	19.0	**13.0**	9,398	**6,346**
Property	9.0	**8.0**	4,432	**4,204**
Cash	4.0	**5.0**	2,076	**2,329**
Alternatives	9.0	**13.0**	4,874	**7,247**
Average Return / Total Assets	100.0	**100.0**	50,772	**50,980**

G10. Group Amounts Reported for Resource Allocation Decisions

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of cabinet portfolio income and expenditure relate to a subjective analysis of the Deficit on the Provision of Services included in the Group CI&ES.

2015/16	Cabinet Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in CI&E net cost of services £000	**Cost of Services £000**	Corporate Amounts £000	**Total £000**
Fees, charges & other service income	(117,265)	(4,657)	7,510	**(114,412)**	0	**(114,412)**
Interest and investment income	(4,873)	128	4,745	**0**	(4,296)	**(4,296)**
Income from council tax and non-domestic rates	0	0	0	**0**	(117,111)	**(117,111)**
Government grants and contributions	(221,954)	0	3,444	**(218,510)**	(54,670)	**(273,180)**
Rent received on investment properties	0	0	0	**0**	(930)	**(930)**
Share of operating results of joint ventures	0	0	0	**0**	(2,444)	**(2,444)**
Total Income	**(344,092)**	**(4,529)**	**15,699**	**(332,922)**	**(179,451)**	**(512,373)**
Employee expenses	146,439	3,599	3,668	**153,706**	8,233	**161,939**
Employee expenses for Voluntary Aided and Foundation schools	21,270	(325)	0	**20,945**	0	**20,945**
Other service expenses	269,022	528	(9,565)	**259,985**	0	**259,985**
Support Service recharges	(232)	0	0	**(232)**	0	**(232)**
Depreciation, amortisation, impairment and revaluation losses	0	52,340	0	**52,340**	0	**52,340**
Interest Payments	24,646	0	(24,646)	**0**	16,314	**16,314**
Precepts & Levies	0	0	0	**0**	11,106	**11,106**
Payments to Housing Capital Receipts Pool	0	0	0	**0**	1,564	**1,564**
Investment property expenses and changes in fair value	0	0	0	**0**	487	**487**
Gain on Disposal of Non-Current Assets	0	0	0	**0**	12,378	**12,378**
Share of taxation of joint ventures	0	0	0	**0**	73	**73**
Tax expenses of Subsidiaries	0	0	0	**0**	448	**448**
Total expenditure	**461,145**	**56,142**	**(30,543)**	**486,744**	**50,603**	**537,347**
Transfer to/(from) Reserves	15,510	0	(15,510)	**0**	0	**0**
Group deficit on the provision of services	**132,563**	**51,613**	**(30,354)**	**153,822**	**(128,848)**	**24,974**

Reconciliation to Subjective Analysis

2014/15 (Restated[1 & 2])	Cabinet Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in CI&E net cost of services £000	**Cost of Services £000**	Corporate Amounts £000	**Total £000**
Fees, charges & other service income[2]	(106,152)	(2,846)	6,492	**(102,506)**	0	**(102,506)**
Interest and investment income	(1,658)	0	1,658	**0**	(972)	**(972)**
Income from council tax	0	0	0	**0**	(112,003)	**(112,003)**
Government grants and contributions	(218,398)	(1,290)	3,502	**(216,186)**	(51,958)	**(268,144)**
Rent received on investment properties	0	0	0	**0**	(4,547)	**(4,547)**
Share of operating results of joint ventures	0	0	0	**0**	917	**917**
Total Income	**(326,208)**	**(4,136)**	**11,652**	**(318,692)**	**(168,563)**	**(487,255)**
Employee expenses[1]	160,580	129	(11,887)	**148,822**	8,318	**157,140**
Employee expenses for Voluntary Aided and Foundation schools[1]	24,089	(309)	0	**23,780**	0	**23,780**
Other service expenses	253,876	(1,386)	(3,895)	**248,595**	0	**248,595**
Support Service recharges[2]	474	0	0	**474**	0	**474**
Depreciation, amortisation, impairment and revaluation losses	0	35,330	0	**35,330**	0	**35,330**
Interest Payments	23,875	0	(23,875)	**0**	15,943	**15,943**
Precepts & Levies	0	0	0	**0**	11,617	**11,617**
Payments to Housing Capital Receipts Pool	0	0	0	**0**	1,187	**1,187**
Investment property expenses and changes in fair value	0	0	0	**0**	(3,480)	**(3,480)**
Gain or Loss on Disposal of Non-Current Assets	0	0	0	**0**	16,555	**16,555**
Share of taxation of joint ventures	0	0	0	**0**	56	**56**
Tax expenses of Subsidiaries	0	0	0	**0**	474	**474**
Total expenditure	**462,894**	**33,764**	**(39,657)**	**457,001**	**50,670**	**507,671**
Transfer to/(from) Reserves	(1,987)	(6,307)	8,294	**0**	0	**0**
Group deficit on the provision of services	**134,699**	**23,321**	**(19,711)**	**138,309**	**(117,893)**	**20,416**

[1] The figures for 2014/15 have been restated to separate out employee expenses for Voluntary Aided and Foundation schools from the employee expenses line.

[2] Fees, charges and other service income and support service recharges have been restated for PFI unitary charges from academy schools of £4.344m.

Reconciliation of Cabinet Income and Expenditure to Cost of Services in the Group Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of cabinet income and expenditure relate to the amounts included in the Group CI&ES

	2014/15	**2015/16**
	£000	**£000**
Net expenditure in the Cabinet Analysis	134,699	**132,563**
Amounts in the CI&ES not reported to management in the Analysis	23,321	**51,613**
Amounts included in the Analysis not included in the CI&ES	(19,711)	**(30,354)**
Cost of Services in the Comprehensive Income and Expenditure Statement	138,309	**153,822**

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOLIHULL METROPOLITAN BOROUGH COUNCIL

We have audited the financial statements of Solihull Metropolitan Borough Council (the "Authority") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Group and Authority Movement in Reserves Statements, the Group and Authority Comprehensive Income and Expenditure Statements, the Group and Authority Balance Sheets, the Group and Authority Cash Flow Statements, the Housing Revenue Account Income and Expenditure Statement, the 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 2015/16.

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

As explained more fully in the Statement of the Director of Resources and Deputy Chief Executive's Responsibilities, the Director of Resources and Deputy Chief Executive 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 2015/16, which 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 Director of Resources and Deputy Chief Executive; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement 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 financial statements

In our opinion the financial statements:

- present a true and fair view of the financial position of the Authority and Group as at 31 March 2016 and of the Authority's and Group's expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement is consistent with the Group audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Authority under section 24 of the Act; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

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

Scope of the review of the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code in satisfying ourselves whether the Authority put in place proper arrangements to secure value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

We planned our work in accordance with the Code. 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 has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of the Authority in accordance with the requirements of the Act and the Code.

Mark Stocks

Mark Stocks
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT

27 September 2016

Glossary

Glossary
This glossary is an explanation of terms used throughout this document.

Academy
A school which chooses to opt out of the local authority's control and maintain their own funding.

Accounting Standards
International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) are the accounting standards that local authorities are required to follow when producing their financial statements.

Accruals
An accounting principle that recognises income and expenditure as they are earned or incurred, not as money is received or paid.

Actuarial Assumptions
Predictions made for factors that will affect the financial position of the pension scheme.

Amortisation
The measure of the consumption of an intangible asset over its useful life.

Asset
An item that is owned by and can be used by the Council.

A current asset is held for a short period of time, for example cash in the bank, stocks and debtors. In contrast, a non-current asset such as land, buildings or vehicles is used by the Council over a longer period of time (i.e. more than1 year)

Balance sheet
A Core Statement outlining the Council's financial position at year end, which shows:
· the balances and reserves at the Council's disposal
· long-term indebtedness (which is over one year)
· the long-term and net current assets employed in its operations
· summarised information on the long-term assets (held for more than one year) by category

Budget
A budget is a plan of approved spending during a financial year (see also Financial Year).

Business Rates (see Non-Domestic Rates)

Capital Adjustment Account
This account includes money we have set aside to finance spending on non-current assets.

Capital Programme
The plan of approved spending on non-current assets.

Capital Receipts
Money received from selling non-current assets, and from grant and loan repayments.

CI&ES (Comprehensive Income & Expenditure Statement)
A Core Statement showing the income, expenditure and net cost during the year in relation to each service the Council is responsible for.

CIPFA
The Chartered Institute of Public Finance and Accountancy, the institute that governs accounting in the Public Sector.

Collection Fund
A statutory account which billing authorities maintain for the collection and distribution of amounts due in respect of council tax and non-domestic rates (NDR).

Contingent Assets
Amounts that may become due to the Council, but their actual receipt is not definite.

Community Assets
Assets held by the Council, for example parks and historic buildings, which have no determinable useful life and may have restrictions on their disposal.

Contingent Liabilities
Amounts that the Council may be, but is not definitely, liable for.

Council Tax
A tax paid by residents of the borough to the Council, based on the value of their property, to be spent on local services.

Creditors
People or organisations that the Council owes money to at the end of the financial year.

Debtors
People or organisations who owe the Council money at the end of the financial year.

Dedicated Schools Grant
Schools are funded separately from other Council services. The Council receives Dedicated Schools Grant (DSG) direct from the Government, which is paid over to schools.

Deficit
This occurs when spending exceeds income (opposite of surplus).

Depreciation
The measure of the wear and tear, consumption or other reduction in the useful economic life of a non-current asset.

Earmarked Reserves
Money set aside for a specific purpose in a future year.

Escrow Account
A bank account where the balance is held by a third party on behalf of the two parties in the transaction.

Fair Value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial Instrument
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Year
Runs from 1st April to the following 31st March.

General Fund (GF)
The account that summarises the revenue cost of providing services by the Council.

Impairment Allowance
The Council sets aside an amount in an impairment allowance for debts it does not believe will be repaid.

Impairment of Asset
An asset has been impaired when it is judged to have lost value other than through normal use.

Infrastructure assets
Assets held by the Council such as highways and footpaths.

Intangible Assets
An item which does not have physical substance (for example, software licenses) but can be identified and used by the Council over a number of years.

Inventories
Items of stock owned by the Council which have not been used by the end of the financial year.

Investment Properties
Interest in land and/or buildings which are held for their investment potential rather than for operational purposes.

Highways Network Asset
Highways Network Asset is a network made up of carriageways, footways and cycleways and the structures, street lighting and other assets that are directly associated with them.

Housing Revenue Account (HRA)
A statutory account that contains all expenditure and income relating to the provision of council housing for rent. The HRA is a ring-fenced account outside the General Fund.

Lease
A Finance Lease is an agreement to pay for an asset, for example a vehicle, in regular instalments where the person paying the lease (the Lessee) is deemed to own the asset. In contrast, an Operating Lease occurs when the Lessee is not considered to own the asset.

Levy
A payment made by the Council to another local service, for example, local transport and the Environment Agency.

Liability
Money the Council will have to pay to other people or organisations in the future.

LOBO
Lenders Options Borrowers Option. A form of loan, where the lender can change certain conditions of the loan, such as the dates and the interest rate. If this occurs the borrower then has the option of either continuing with the loan or redeeming it in full without a penalty.

Long Term Loans
Debts which are not due within the forthcoming financial year.

Major Repairs Reserve
A reserve to pay for large scale repairs to Council housing.

Materiality
An item is material if its inclusion in the financial statements would influence or change the judgment of a reasonable person. If the information would have no impact on the decision-maker, it is deemed not material.

MIRS (Movement in Reserves Statement)
A Core Statement showing the movement in the year on different reserves held by the Council, analysed into 'usable reserves' and 'unusable reserves'.

Net Asset Value
The value of the Council's assets less its liabilities.

Net Book Value (NBV)
An item, for example land, buildings and vehicles, which yield benefits to the Council and the services it provides over a period of more than one year.

Net Spending
The amount spent on a service after taking into account income that a service has received.

Non-current Assets
An asset which is not easily converted into cash or expected to become cash within the next year.

Non-Domestic Rates (NDR) or Business Rates
Non-domestic rates or business rates, collected by a local authority, are a way in which those who occupy or own non-domestic property contribute to the cost of providing local services.

Non Operational Assets
This is an asset held by the Council over a number of years but not actively used by a service within the Council. An example of this would be investment properties (see also Operational Assets).

Operational Assets
This is an asset held by the Council over a number of years and actively used in the provision of services, such as office buildings or vehicles (see also Non Operational Assets).

Payments in Advance
Payments made in the current financial year for goods and services to be received in the following financial year.

Precept
This is money collected by the Council on behalf of another local service, for example the Fire and Police services.

Prior Period Adjustments
Changes made to the previous year's accounts to show things that were not known about until after that year's accounts were produced.

Private Finance Initiative (PFI)
Government initiative under which the Council buys the service of a private sector supplier to Design, Build, Finance and Operate a public facility.

Provisions
Money set aside for a debt that is likely to arise in the future, for example insurance claims.

Receipts in Advance
Money received before the end of the financial year, which relates to the following financial year.

Reserves
Amounts put aside by the Council to provide for known future expenditure, e.g. replacement of an asset.

Revaluation Reserve
When the value of an asset owned by the Council changes, the increase or decrease in value is transferred to this reserve.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)
Spending on assets that have a lasting value but are not owned by the Council.

Revenue Spending
Spending on the day-to-day running of services. This includes, for example, salaries or running expenses for the Council's buildings and equipment.

Revenue Support Grant
The main Government grant which helps support Council services.

Ring fenced
Certain accounts, such as the Collection Fund, must be accounted for separately outside the General Fund as a statutory requirement.

Specific Grants
Grants from the Government which are to pay for a specific Council service or project.

Surplus
What is left of income after expenses have been taken away (opposite of deficit).

Third Party
A person or entity who is not involved in an interaction or relationship with the Council.

Trust Fund
A fund administered by the Council on behalf of others for such purposes as charities and specific projects.

Usable Capital Receipts Reserve
Money received from the sale of non-current assets not yet used for new capital spending.

Useful Life
The period over which the local authority expects to derive benefits from the use of a non-current asset and over which, typically, it will be depreciated.

Contact Details and Other Sources of Information

Contact Details and Other Sources of Information

Enquiries or comments about this publication should be made to:

Director of Resources and Deputy Chief Executive
Council House
Manor Square
Solihull
B91 3QB
Telephone: 0121 704 6080

Other sources of information about Solihull MBC and its finances include:

Council Tax Booklet 2016/17
Medium Term Financial Strategy 2016/17 – 2018/19

Paper copies are available from Council House Reception, Solihull and reference copies are kept in Solihull Central Library, or visit the Solihull Council web site: www.solihull.gov.uk

Further information about the Fire and Rescue Authority and Police and Crime Commissioner finances can be obtained at the following addresses:

The Treasurer to the West Midlands Police and Crime Commissioner
Office of the West Midlands Police and Crime Commissioner
Finance Department
Lloyd House
Colmore Circus
Queensway
Birmingham
B4 6NQ

The Treasurer of the Authority
West Midlands Fire and Rescue Authority
PO BOX 2372
Sandwell Council House
Oldbury
Warley
B69 3DE

The Treasurer to the Integrated Transport Authority
West Midlands Integrated Transport Authority
Centro House
16 Summer Lane
Birmingham
B19 3SD

More detailed statistical information about Solihull and all other local councils is contained in a wide range of publications produced by CIPFA. Some of these publications are available in Solihull Central Library or alternatively from CIPFA itself:

Chartered Institute of Public Finance and Accountancy
3 Robert Street
London
WC2N 6RL