Solihull Metropolitan Borough Council
Accounting Statement
2016/17

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Narrative Report

Message from the Director of Resources and Deputy Chief Executive

Welcome to Solihull Metropolitan Borough Council's Accounting Statement for the financial year 2016/17. These accounts set out, in accordance with approved guidelines, the financial results of the Council's activities for the year ended 31 March 2017.

This Narrative Report 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.

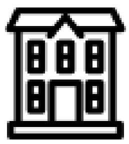
Solihull: the council and the place

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 4,400 full time equivalent staff, approximately half of whom work in the borough's schools (excluding academies), organised into five directorates – Adult Care and Support, Children's Services and Skills, Managed Growth and Communities, 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.

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 2016/17 budget included £9.262 million of savings plans, identified through the cross-party Budget Strategy Group and managed by an officer-led delivery board.

The Council serves a broadly affluent borough, characterised by above-average levels of income, employment and home ownership. 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 (85% in the 2016 Place Survey).

		
Around 7,900 business enterprises supporting c. 112,300 jobs	90,200 homes and a population of 210,450	At the heart of the Midlands motorway network and home to Birmingham International Airport
£122m of business rates income collected in 2016/17	£104m of council tax income collected in 2016/17	Nearly 70% of the borough 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 16% of the borough's neighbourhoods classed among the most deprived in the country and 39% among the least deprived. The impacts of this are felt across a broad range of outcomes including educational attainment, employment, crime and health.

Review of 2016/17

The Council Plan: Great Lives and Great Services

We work in an increasingly complex environment; over the past year, there have been many significant changes in the local, regional and national context within which we work, including the continuing development of the West Midlands Combined Authority (WMCA), of which Solihull is a constituent member.

The WMCA was formally established in June 2016, taking on the responsibilities of the Integrated Transport Authority with immediate effect. Under the West Midlands Combined Authority devolution agreement, agreed with the Chancellor of the Exchequer in November 2015, the government will be making an annual contribution worth £36.5 million for 30 years to support an overall investment package that will unlock £8 billion, alongside the creation of up to half a million jobs. The WMCA is led by a Mayor who was elected in May 2017.

Solihull's Council Plan sets out four priorities for the period from 2014 to 2020 under the overarching vision of Solihull in 2020 as a borough where everyone has an equal chance to be healthier, happier, safer and prosperous. The table below highlights key achievements during the year against each of these priorities.

Improve health and wellbeing	Build stronger communities	Managed growth	Deliver value
Created single integrated service to support children and young people with special educational needs and disabilities	Brought together key council and community and voluntary sector services under one roof in The Core	Recorded 19 investments involving the creation of over 840 jobs	Delivered £9.3m of savings in 2016/17 and identified further savings to achieve a balanced medium term financial strategy to 2019/20
Launched Advancing Adult Social Care programme, including a First Point of Contact service offering timely and appropriate support	Expanded Stay Connected email bulletin service to over 10,000 subscribers	Invested in Lode Lane enhancement scheme to promote growth and improve transport connectivity	Completed the migration of the data centre to enhance the Council's ICT resilience
Introduced Local Area Coordinators across 5 wards to provide advice, information and support	Developed new Youth Hub to provide housing advice and home options support to single young people	Award-winning replacement of the A45 South Bridge, also providing a dedicated lane from the M42 to the airport	Introduced Employee Awards to celebrate the achievement of colleagues from across the authority

More information on the Council’s priorities and the updated Council Plan is available from our website at www.solihull.gov.uk.

Financial performance - revenue outturn

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 Council’s budget for 2016/17 was £137.884 million. The budget was approved on 1 March 2016, with net planned expenditure on services and corporate commitments increasing by £5.6 million over the 2015/16 base budget. Of this amount, (£0.3) million related to corporate commitments and new arrangements, £3.4 million related to service pressures and £2.5 million to inflation.

This increase in expenditure was offset by efficiency savings totalling (£9.3 million) and funding from reserves, working balances and contingencies totalling (£1.2 million). There was an overall decrease in the net budget of £4.9 million compared to the 2015/16 budget of £142.790 million. The 2015/16 budget figure has been adjusted to be consistent with the way in which the business rates tariff/levy have been presented in 2016/17.

The 2016/17 finance settlement represented a significant change to the way in which government funding is distributed between councils, which led to particularly large reductions in revenue support grant for Solihull. As shown in Note 8 - Grant Income, the government provided temporary transitional funding to support those local authorities, including Solihull, which were particularly affected by this change. However, the 2016/17 settlement also 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.

Following the withdrawal of government support for council tax freezes, Solihull increased its element of the council tax charge by 2.99% in 2016/17. This included a charge of 2.0% specifically to support adult social care which generated £1.7 million for the service. Council tax income continues to be the most significant funding source for the authority, comprising 66% of the total for 2016/17.

The outturn position on the General Fund and Dedicated Schools Grant (DSG) for the year will be presented to Full Cabinet on 15 June 2017. The favourable variances on the General Fund and DSG have been contributed to working balances pending Full Cabinet's approval of the requests outlined in the report to contribute £0.676m to earmarked reserves and future year commitments. The final position on the General Fund, subject to this approval, will see the Council £0.171m ahead of the financial position set out in the approved medium term financial strategy. Members will be asked to approve the contribution of this amount to the Budget Strategy Reserve, in order to provide further financial resilience for future years' planning.

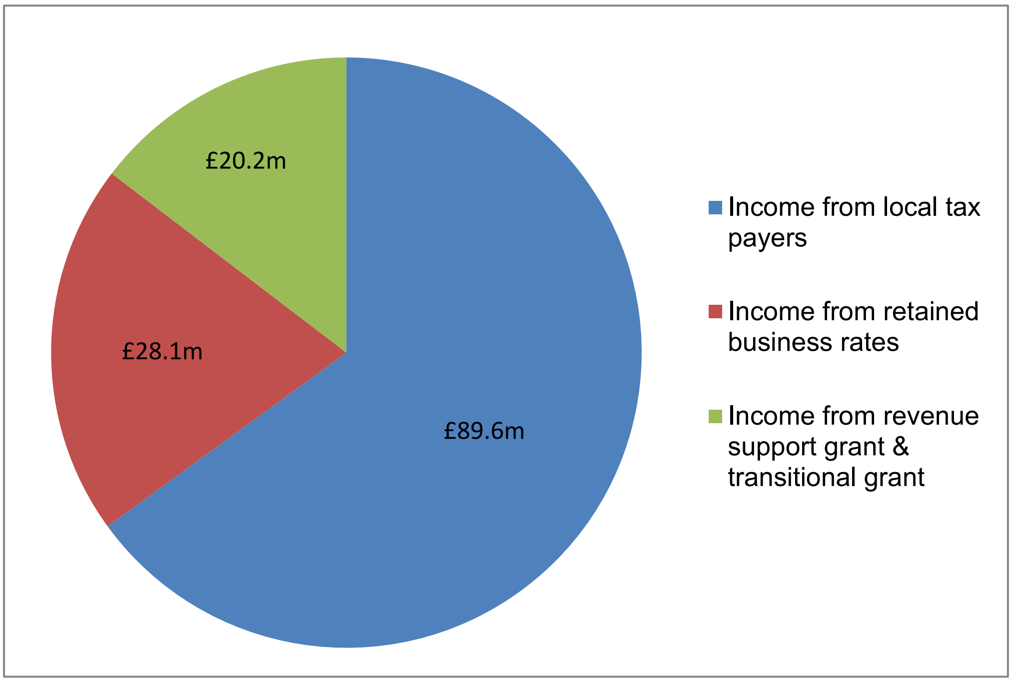
Note 1 in the Accounting Statement provides a breakdown of the total income and expenditure by cabinet portfolio. However, Note 1 has to include some adjustments to the figures in the Full Cabinet report. The table below demonstrates how the outturn figures in the Accounting Statement (Note 1) link to the outturn position reported to Full Cabinet.

	Latest Budget £000	**Outturn £000**	**Variance prior to commitments £000**	**Variance after commitments £000**
Cabinet portfolios subtotal as reported to Full Cabinet (App A)	**137,461**	**136,614**	**(847)**	**(171)**
Children, Education & Skills - Non Delegated Dedicated Schools Grant (DSG)	402	(1,144)	(1,546)	(1,546)
Resources & Delivering Value - contribution to replenish working balances (temporary funding of advance payment of pension costs)	0	(695)	(695)	(695)
Cost of services per Note 1	**137,863**	**134,775**	**(3,088)**	**(2,412)**
Other expenditure: levies	8,541	8,541	0	0
Other income: council tax, business rates and revenue support grant	(137,884)	(137,884)	0	0
(Surplus) or deficit (funded from contingency/ working balances)	**8,520**	**5,432**	**(3,088)**	**(2,412)**

The table below reconciles the cost of services shown in the table overleaf to the Council's approved budget for 2016/17.

	Latest Budget £000	Outturn £000	Variance prior to commitments £000	Variance after commitments £000
Cost of services per Note 1	**137,863**	**134,775**	**(3,088)**	**(2,412)**
Levies	8,541	8,541	0	0
Contributions from contingency/ working balances	(8,520)	(7,825)	695	695
Total Council budget	**137,884**	**135,491**	**(2,393)**	**(1,717)**

The Council's budget of £137.884m was funded as follows:



In addition, the Council received specific funding in relation to a number of service areas in 2016/17, the details of which can be found in Note 8 - Grant Income. This income is included within the cabinet portfolio net budget/outturn figures on the previous page.

Financial performance - 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 2016/17, including the Housing Revenue Account (HRA), was £48.922m compared with a revised budget of £54.307m, giving a net variance in year of (£5.385m). Re-phasing of £5.228m will be added into the capital programme for 2017/18.

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 40.

The disposal of assets resulted in total gross capital receipts for the Council during the year of £10.073m. These included the part disposal of a site at Haslucks Green Road for £5.574m and HRA right to buy properties totalling £3.778m.

Academisation

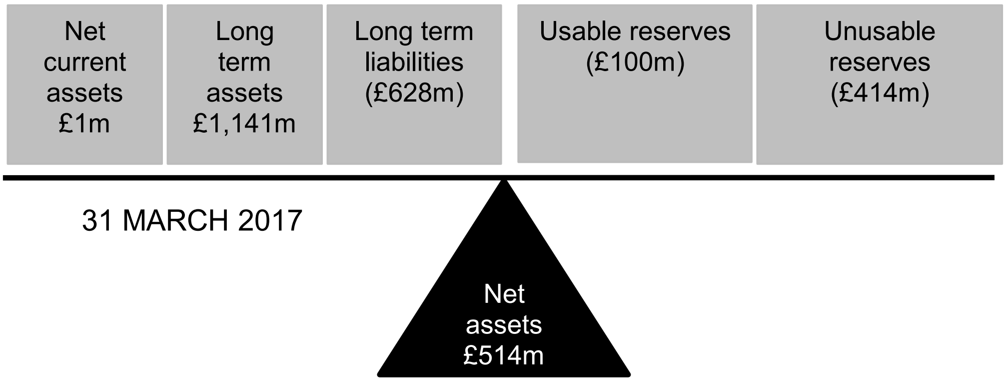
During 2016/17 Damson Wood Nursery & Infant School and Streetsbrook Infant & Nursery School converted to Academy status. This change resulted in the need to revalue the land remaining in Council ownership relating to these schools, and to remove the schools buildings from the Balance Sheet. The transfer of the schools buildings resulted in a loss on disposal of £4.532m being recognised in the Comprehensive Income and Expenditure Statement (CI&ES). The land was revalued downwards by £1.297m resulting in a charge against the Children's and Education services line in the CI&ES.

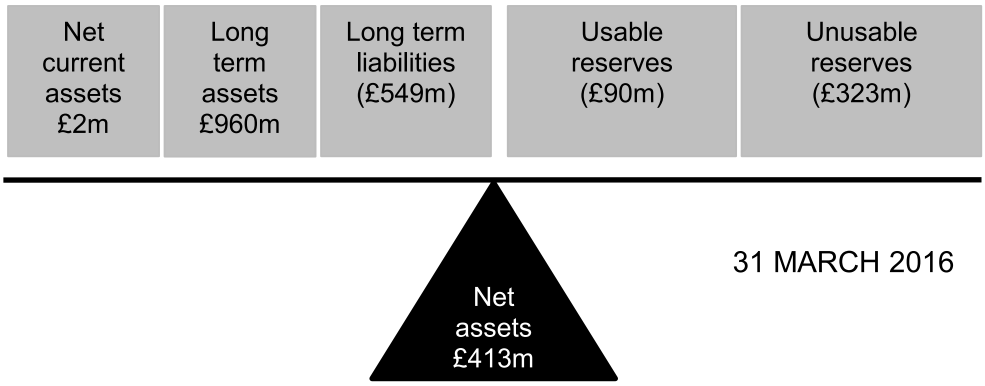
Currently, for 2017/18, there is one school in the process of converting to academy status: Smith's Wood Sports College. The associated land will be revalued down, and the buildings will be transferred, resulting in a reduction in value of approximately £50m in 2017/18.

Financial Position

Net assets

The Council is in a robust financial position at the end of 2016/17 and continues to maintain a strong balance sheet, as shown on page 23.





Adequacy of reserves

The Council holds working balances 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. The Director of Resources and Deputy Chief Executive recommends that working balances are maintained at a minimum level of £6.0m. As at 31 March 2017, working balances stood at £8.4m, which includes the temporary contribution of £2.4m of favourable variances against the 2016/17 core council and DSG budgets before the final position is agreed by Full Cabinet. In addition, since 2015/16, the Council has held further working balances, known as the Budget Strategy Reserve, specifically to meet budget risks in order that the Council can continue to focus on three-year budget planning.

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 strategy, the 2016/17 Accounting Statement reflects the repayment of £6.140m to reserves and working balances that was temporarily used to fund the costs that relate to the 2016/17 financial year. An advance pension payment was made in April 2017 for the three years 2017/18 to 2019/20. Please refer to notes 5 and 48 for further details.

Cash flows

The Cash Flow Statement, on page 25, shows how the movement in resources has been reflected in cash flows. During 2016/17, net cash and cash equivalents increased by £7.757m, from (£8.344m) to (£0.587m), as shown in the table below.

	At 31 March 2016 £000	At 31 March 2017 £000
Opening cash and cash equivalents	(5,480)	(8,344)
Movement during the year	(2,864)	7,757
Closing cash and cash equivalents	(8,344)	(587)
Comprising:		
Cash and cash equivalents	6,866	14,523
Overdraft	(15,210)	(15,110)

The decision to make an advance pension payment to the West Midlands Pension Fund in 2017/18 has increased the Council's cash and cash equivalents balance at 31 March 2017 to enable the payment to be made in April 2017.

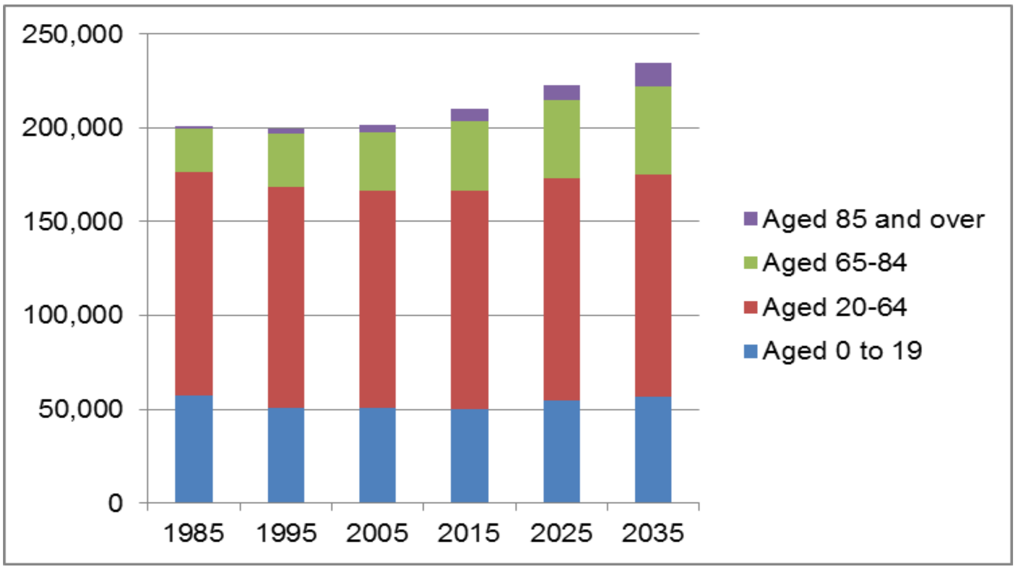
Looking ahead - challenges and opportunities

Adult social care

In common with local authorities across the country, Solihull is facing sustained and growing demand for adult social care services as the number of residents with complex needs continues to increase. The funding pressures on the service represent a significant risk to the Council's medium term financial strategy. In order to mitigate this risk, additional funding of £6.5m was invested in adult social care through the 2017/18 budget, with further investment planned for 2018/19 and 2019/20.

This chart illustrates the Office for National Statistics (ONS)' estimates of the borough's population over the 50 years from 1985 to 2035.

In 2015 there were 9,200 more residents aged 65 to 84 years and 3,500 more aged 85 years and over than there were in 1995.



ONS projections suggest that the relative ageing of Solihull's population will continue and by 2033 those aged 65 and over will account for one in four of the population. The growth in numbers of residents aged 85 and over in particular represents a significant and growing challenge in terms of health and social care.

In recognition of the national pressures facing adult social care, local authorities can now increase council tax by up to 3.0% to fund adult social care, provided the total increase between 2017/18 and 2019/20 does not exceed 6.0%. When added to the 2% increase in 2016/17, this is expected to generate around £7.5 million a year for Solihull by 2019/20.

The Council has worked with colleagues in the NHS and Birmingham City Council to develop a Sustainability and Transformation Plan (STP) for Birmingham and Solihull. STPs are ‘place based plans’ covering 44 geographical areas or ‘footprints’, which have been created by NHS organisations and local authorities for the future of health and social care services in their area up to 2020/21. STPs represent a shift in the way that the NHS in England plans its services, to a more collaborative and coordinated approach. This approach recognises that the growing financial problems faced by the NHS cannot be addressed in isolation and instead providers and commissioners are coming together to manage the collective resources available for their local population.

Locally, the Birmingham and Solihull STP covers two local authorities, seven hospitals, one mental health trust, one community trust, three clinical commissioning groups and 182 general practices. The STP says that “we want Birmingham and Solihull’s people to lead fulfilling, healthy, independent lives; receive consistently high quality health and care services; have early access to extra help when they need it; and have easy access to support when they can no longer live independently”.

The UK's departure from the European Union

The Brexit vote is expected to affect local government in a number of ways but in the short term it is the uncertainty around the UK’s future relationship with the EU that is most notable.

As at March 2017, the Council has five projects with funding agreements in place for receipt of European Union funding under the European Structural Investment Fund and Horizon 2020 programmes, which run until 2020. The value of grants approved for these projects is £5.5 million. Due to concerns as a result of the Brexit vote, there has been some delay to project activity and spend and all projects will be the subject of review and re-profiling with funding bodies. A further two projects, with grants totalling £1.8 million, are at the full or outline stage of approval. Three projects previously at the outline or pre outline stage have been withdrawn due to eligibility and costing issues. At this stage, no projects have been withdrawn or discontinued as a result of the Brexit vote.

In a more general sense, Brexit could affect the Council's activities in the following ways:

- Any impact on economic prosperity and employment prospects for the borough and the wider region could increase demand for public services and reduce the resources available to the Council to deliver those services;
- Any impact on the stock market and on interest rates could affect the Council's investments;
- Any impact on inflation would particularly affect the cost of index-linked contracts;
- Much of UK procurement, employment, environmental and consumer protection legislation is currently derived from EU law and so there is a possibility that the government may wish to change some of these laws as part of the process of rewriting this legislation.

Local government funding reform

Local government is moving towards a system where funding is generated locally from council tax and business rates, where central government's involvement will be limited largely to overseeing a method of resource equalisation to redistribute funds to those authorities with the greatest need. Revenue support grant will be phased out nationally by 2020 and replaced by full local retention of business rates.

In anticipation, the government has invited a number of areas to act as pilots to test out 100% business rates retention and the West Midlands pilot with which Solihull is involved commenced in April 2017. Our involvement in the pilot will mean that from 1 April 2017, the Council will no longer receive revenue support grant from the government but will instead be able to retain a greater share of the business rates income we collect. The pilot agreement will ensure that the participating authorities are protected from any financial loss as a result of their involvement. In addition to allowing the pilot authorities to potentially input into the future design of the scheme, this will enable us to understand more fully the risks and opportunities so that we are well prepared for full implementation.

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.

Key service developments

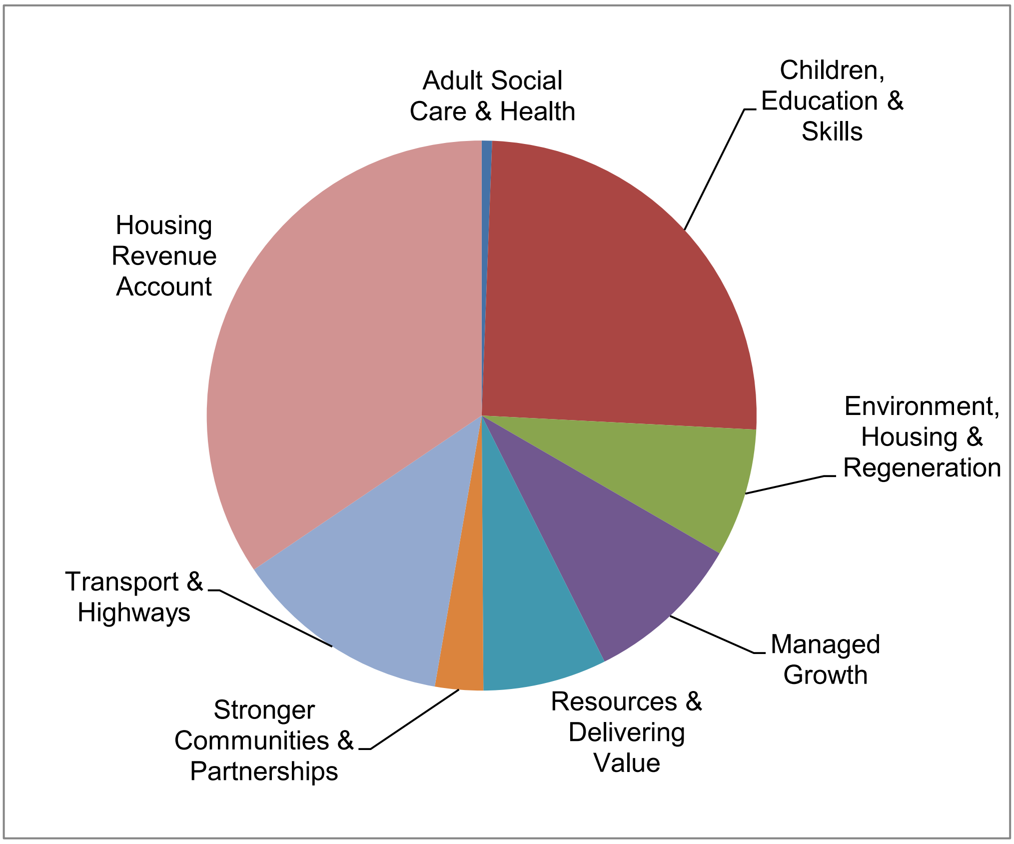
Over the coming year we will continue to work on key programmes targeted at the delivery of our four priorities. Examples of the activity we plan to undertake over the coming year are shown in the table below.

Improve health and wellbeing	Build stronger communities	Managed growth	Deliver value
The development of a Sustainable Transformation Plan, in partnership with Birmingham City Council and NHS organisations, to support the integration of health, care and support systems within the NHS	Rolling out the Solihull Integration project, where staff from the Council, Solihull Police and Solihull Community Housing work closely to prioritise and resolve key community concerns, to five areas across the borough	The further development of the Local Plan, following consultation on the draft plan which concluded in February 2017	The procurement of a single system to record children's and adults' social care information, to be operational in 2018

Improve health and wellbeing	Build stronger communities	Managed growth	Deliver value
Addressing the key challenge of delayed transfers of care from hospitals, in partnership with health and social care organisations in Solihull	Developing strengths-based approaches such as partnership working with community and faith groups and supporting Street Associations	The 20 year growth plan for the Hub of UK Central	Preparation for the introduction of the General Data Protection Regulations in May 2018
The development of a brand new residential and nursing home for older people with dementia in Chelmund's Cross village centre		Initiatives to support young people who are not in education, employment or training	The implementation of the West Midlands devolution agreement through the Combined Authority

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 2017/18 totals £54.821 million (subject to Full Cabinet approval of rephasing in June 2017), divided between cabinet portfolios as shown in the chart below.



Significant items within the capital programme for 2017/18 include £7.710m within Housing Revenue Account for new build and acquisition of properties, £5.337m for the North Solihull primary school programme, £5.984m for the schools improvement programme, £4.854m for strategic investment properties and £5.130m for the local transport plan and highways challenge fund initiatives.

Looking ahead, the total projected value of the capital programme between 2017/18 and 2019/20 is circa £122m. This is funded from the following internal and external sources: prudential borrowing (£39m), capital receipts (£2m), revenue and contributions (£48m) and external grants (£33m).

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.

Changes in accounting policies

The Accounting Statement includes a Statement of Accounting Policies (see Note 50), which explains the way we have accounted for items in this document. There has been one addition to the Statement of Accounting Policies in 2016/17 for the Community Infrastructure Levy and minor refinement to other existing accounting policies.

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 49 provides further details of future changes that will be relevant to the 2017/18 Accounting Statement, including amendments to the disclosure requirements for pension funds.

Explanation of accounting statements

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

- Comprehensive Income and Expenditure Statement (CI&ES) Page 15
- Movement in Reserves Statement (MIRS) Page 19
- Balance Sheet Page 23
- Cash Flow Statement Page 25

The Supplementary Financial Statements section contains the following statements:

- Housing Revenue Account (HRA) Page 121
- Collection Fund Page 127
- Group Accounts Page 133

Paul Johnson CPFA

Director of Resources and
Deputy Chief Executive

31 July 2017

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 Accounting Statement.

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 Accounting Statement 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 judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Director of Resources and Deputy Chief Executive has also:

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

Certification by the Director of Resources and Deputy Chief Executive:

I, the Director of Resources and Deputy Chief Executive of Solihull Metropolitan Borough Council, certify that the Accounting Statement gives a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31 March 2017.

Paul Johnson CPFA
Director of Resources and Deputy Chief Executive
Authorised for issue date: 31 July 2017

Approval by Governance Committee

The audited Accounting Statement was approved by Governance Committee at the July 2017 Meeting.

Chair of Governance Committee

31 July 2017

Comprehensive
Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CI&ES) shows the income, expenditure and net cost of 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 which shows the overall revenue position for the Council.

Comprehensive Income and Expenditure Statement (CI&ES)

	Year ended 31 March 2017			
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Notes
Adult Social Care and Health	96,499	(39,161)	57,338	
Children, Education and Skills	175,188	(141,936)	33,252	5
Environment, Housing and Regeneration	54,682	(47,722)	6,960	
Exceptional revaluation gain on Council Dwellings	(81,583)	0	(81,583)	5
Managed Growth	7,139	(5,214)	1,925	
Resources and Delivering Value	99,883	(75,351)	24,532	5
Stronger Communities and Partnerships	13,777	(6,776)	7,001	
Transport and Highways	15,838	(5,857)	9,981	
Cost of Services	**381,423**	**(322,017)**	**59,406**	
Parish precepts			1,188	
Levies payable			9,414	
Amounts payable into the housing capital receipts pool			1,420	
Loss on disposal of non-current assets			2,142	5
Total Other Operating Expenditure			**14,164**	
Interest payable on debt			10,810	
Interest payable on finance leases, PFI and similar contracts			5,629	
Net interest on the net defined benefit liability			8,058	45
Investment interest income			(598)	21
Other investment income			(3,117)	21
(Surplus) of trading operations not allocated to services			(42)	7
Changes in fair value of investment properties			(355)	
Rents received on investment properties			(1,051)	
Expenses incurred on investment properties			562	
Total Financing and Investment Income & Expenditure			**19,896**	
Council tax			(91,064)	
Business rates			(28,104)	
Non-ringfenced government grants			(25,334)	8
Recognised capital grants and contributions			(21,370)	8
Total Taxation and Non-Specific Grant Income			**(165,872)**	
(Surplus)/ Deficit on the Provision of Services			**(72,406)**	
(Surplus) on revaluation of non-current assets			(93,104)	5
Impairment losses on non-current assets charged to the revaluation reserve			491	
(Surplus) or deficit on revaluation of available-for-sale financial assets			(3,490)	
Remeasurement of the net defined benefit liability			64,342	5 & 45
Any other (gains)/losses			(293)	
Other Comprehensive Income and Expenditure			**(32,054)**	
Total Comprehensive Income and Expenditure			**(104,460)**	

Comprehensive Income and Expenditure Statement (CI&ES)

Prior year comparatives (restated[1])

	Year ended 31 March 2016			
	Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**	**Notes**
Adult Social Care and Health	94,521	(38,897)	55,624	
Children, Education and Skills	187,927	(146,660)	41,267	5
Environment, Housing and Regeneration	52,459	(47,743)	4,716	
Exceptional revaluation gain on Council Dwellings	0	0	0	
Managed Growth	9,253	(6,666)	2,587	
Resources and Delivering Value	111,577	(77,273)	34,304	5
Stronger Communities and Partnerships	14,110	(6,852)	7,258	
Transport and Highways	16,540	(6,582)	9,958	
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	5
Total Other Operating Expenditure			**25,048**	
Interest payable on debt			10,966	
Interest payable on finance leases, PFI and similar contracts			5,320	
Net interest on the net defined benefit liability			7,836	45
Investment interest income			(568)	21
Other investment income			(4,177)	21
(Surplus) of trading operations not allocated to services			(46)	7
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)	
Business rates			(29,821)	
Non-ringfenced government grants			(32,322)	8
Recognised capital grants and contributions			(22,348)	8
Total Taxation and Non-Specific Grant Income			**(171,781)**	
(Surplus)/ Deficit on the Provision of Services			**27,869**	
(Surplus) on revaluation of non current assets			(18,059)	5
Impairment losses on non-current assets charged to the 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)	5 & 45
Any other (gains)/losses			0	
Other Comprehensive Income and Expenditure			**(47,909)**	
Total Comprehensive Income and Expenditure			**(20,040)**	

[1] The cost of services has been restated in line with the Code to present expenditure and income on services on the basis of the Council's Cabinet portfolios. Further details are given in Note 2 - Prior Period Adjustments.

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 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)

2016/17	General Fund Working Balance £000	Earmarked General Fund Balance £000	Earmarked Revenue Reserves (Note 11) £000	Subtotal General Fund Balance £000	Housing Revenue Account (HRA) £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 31 March 2016	**(11,902)**	**(3,762)**	**(48,909)**	**(64,573)**	**(11,857)**	**(4,982)**	**(1,440)**	**(7,607)**	**(90,459)**	**(322,982)**	**(413,441)**
Movement in reserves during 2016/17											
Total comprehensive income and expenditure	15,768	0	0	**15,768**	(88,174)	0	0	0	(72,406)	(32,054)	(104,460)
Adjustments between accounting basis & funding basis under regulations (Note 9)	(15,254)	0	0	**(15,254)**	88,986	(8,451)	(586)	(2,002)	62,693	(62,693)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**514**	**0**	**0**	**514**	**812**	**(8,451)**	**(586)**	**(2,002)**	**(9,713)**	**(94,747)**	**(104,460)**
Other transfers (to)/ from Earmarked Reserves	2,994	(4,528)	1,534	0	0	0	0	0	**0**	0	**0**
(Increase)/Decrease in 2016/17	**3,508**	**(4,528)**	**1,534**	**514**	**812**	**(8,451)**	**(586)**	**(2,002)**	**(9,713)**	**(94,747)**	**(104,460)**
Balance at 31 March 2017	**(8,394)**	**(8,290)**	**(47,375)**	**(64,059)**	**(11,045)**	**(13,433)**	**(2,026)**	**(9,609)**	**(100,172)**	**(417,729)**	**(517,901)**

Movement in Reserves Statement (MIRS) continued

2015/16 restated	General Fund Working Balance £000	Earmarked General Fund Balance £000	Earmarked Revenue Reserves (Note 11) £000	Subtotal General Fund Balance[2] £000	Housing Revenue Account (HRA) £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 31 March 2015	**(10,185)**	**(3,002)**	**(45,546)**	**(58,733)**	**(8,700)**	**(4,332)**	**(2,704)**	**(6,464)**	**(80,933)**	**(312,468)**	**(393,401)**
Movement in reserves during 2015/16											
Total comprehensive income and expenditure[1]	35,660	0	0	**35,660**	(7,791)	0	0	0	27,869	(47,909)	(20,040)
Adjustments between accounting basis & funding basis under regulations (Note 9)	(41,500)	0	0	**(41,500)**	4,634	(650)	1,264	(1,143)	(37,395)	37,395	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(5,840)**	**0**	**0**	**(5,840)**	**(3,157)**	**(650)**	**1,264**	**(1,143)**	**(9,526)**	**(10,514)**	**(20,040)**
Other transfers (to)/ from Earmarked Reserves	4,123	(760)	(3,363)	**0**	0	0	0	0	**0**	0	**0**
(Increase)/Decrease in 2015/16[3]	**(1,717)**	**(760)**	**(3,363)**	**(5,840)**	**(3,157)**	**(650)**	**1,264**	**(1,143)**	**(9,526)**	**(10,514)**	**(20,040)**
Balance at 31 March 2016	**(11,902)**	**(3,762)**	**(48,909)**	**(64,573)**	**(11,857)**	**(4,982)**	**(1,440)**	**(7,607)**	**(90,459)**	**(322,982)**	**(413,441)**

[1] The Movement in Reserves Statement (MIRS) has been restated to show Total Comprehensive Income and Expenditure on one line, rather than split between the (Surplus)/ Deficit on the Provision of Services and Other Comprehensive Income and Expenditure. It is still possible to determine the split as the (surplus)/deficit on the provision of services impacts on Total Usable Reserves, whereas Other Comprehensive Income and Expenditure impacts on Unusable Reserves.

[2] The total General Fund balance has been added to the MIRS as per the new Code requirement.

[3] £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.

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 2016 £000		**31 March 2017 £000**	**Notes**
319,279	Council Dwellings	**400,941**	H2
438,926	Other Land and Buildings	**510,019**	
11,436	Vehicles, Plant and Equipment	**17,216**	
103,821	Infrastructure Assets	**123,956**	
12,265	Community Assets	**12,290**	
19,131	Assets under Construction	**19,129**	
904,858	**sub-total Property, Plant & Equipment**	1,083,551	12
950	Heritage Assets	**950**	
10,409	Investment Property	**10,488**	15
1,030	Intangible Assets	**639**	16
2,000	Long Term Investments - Money market loans	**5,000**	18e
39,323	Long Term Investments - Available for sale financial assets	**42,813**	18d
1,421	Long Term Debtors	**1,316**	22
959,991	**Total Long Term Assets**	**1,144,757**	
34,305	Short Term Investments	**29,626**	17
811	Inventories	**734**	
31,098	Short Term Debtors	**33,649**	23
6,866	Cash and Cash Equivalents	**14,523**	24
3,809	Payments in Advance	**5,282**	25
230	Carbon Allowances	**238**	
77,119	**Current Assets**	**84,052**	
(15,210)	Bank Overdraft	**(15,110)**	24
(2,663)	Short Term Borrowing	**(2,738)**	18e
(37,867)	Short Term Creditors	**(42,052)**	26
(5,684)	Short Term Provisions	**(6,420)**	27
(13,642)	Receipts in Advance	**(16,959)**	28
(75,066)	**Current Liabilities**	**(83,279)**	
(2,585)	Long Term Provisions	**(1,487)**	27
(247,954)	Long Term Borrowing	**(246,822)**	17
(233,660)	Net Pensions Liability	**(311,174)**	45
(58,832)	Other Long Term Liabilities	**(62,669)**	17
(5,572)	Capital Grants Receipts in Advance	**(5,477)**	8
(548,603)	**Long Term Liabilities**	**(627,629)**	
413,441	**Net Assets**	**517,901**	
(90,459)	**Usable Reserves**	**(100,172)**	MIRS
(322,982)	**Unusable Reserves**	**(417,729)**	10
(413,441)	**Total Reserves**	**(517,901)**	

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 2016/17.

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 2016 £000		31 March 2017 £000	Notes
27,869	Net (surplus)/ deficit on the provision of services	(72,406)	CI&ES
(86,965)	Adjustments to net (surplus) / deficit on the provision of services for non-cash movements	13,203	29
26,382	Adjustments for items in the net (surplus)/ deficit on the provision of services that are investing and financing activities	30,498	30
(32,714)	**Net cash flows from operating activities**	**(28,705)**	
32,919	Investing activities	17,260	32
2,659	Financing activities	3,688	33
2,864	**Net (increase) / decrease in cash and cash equivalents**	**(7,757)**	
	Overall movement in cash and cash equivalents		
(5,480)	Cash and cash equivalents at the beginning of the reporting period	(8,344)	
(2,864)	Net increase / (decrease) in cash and cash equivalents	7,757	
(8,344)	**Cash and cash equivalents at the end of the reporting period**	**(587)**	24

Disclosure notes to the Accounts

1. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to local tax payers how the funding available to the Council for the year (i.e. government grants, council tax and business rates) has been used in providing services, in comparison with those resources used by the Council in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's cabinet portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2016/17	Cabinet Report £000	Total adjustments (Note 1a) £000	Net expenditure chargeable to the General Fund and HRA Balances £000	Adjustments between the funding and accounting basis (Note 1a) £000	Net expenditure in the Comprehensive Income & Expenditure Statement £000
Adult Social Care and Health	55,621	786	56,407	931	57,338
Children, Education and Skills	33,023	(6,592)	26,431	6,821	33,252
Children, Education and Skills - Dedicated Schools Grant (DSG)	(1,144)	1,144	0	0	0
Environment, Housing and Regeneration	14,544	(1,113)	13,431	(6,471)	6,960
Exceptional revaluation gain on Council Dwellings	0	0	0	(81,583)	(81,583)
Managed Growth	1,506	403	1,909	16	1,925
Resources and Delivering Value	20,011	(10,320)	9,691	14,841	24,532
Resources and Delivering Value - contribution from services to replenish working balances	(695)	695	0	0	0
Stronger Communities and Partnerships	5,706	26	5,732	1,269	7,001
Transport and Highways	6,203	516	6,719	3,262	9,981
Cost of services	**134,775**	**(14,455)**	**120,320**	**(60,914)**	**59,406**
Other income and expenditure (incl. levies)	(129,343)	10,349	(118,994)	(12,818)	(131,812)
(Surplus) or deficit	**5,432**	**(4,106)**	**1,326**	**(73,732)**	**(72,406)**

The following table shows how the net expenditure chargeable to the General Fund and HRA balances of £1.326m is represented in the Movement in Reserves Statement:

	Subtotal General Fund Balance £000	Housing Revenue Account (HRA) £000	Total General Fund and Housing Revenue Account (HRA) £000
Opening General Fund and HRA Balance at 01 April 2016	(64,573)	(11,857)	(76,430)
Add (surplus)/deficit on General Fund and HRA Balance in Year	514	812	1,326
Closing General Fund and HRA Balance at 31 March 2017	**(64,059)**	**(11,045)**	**(75,104)**

1. Expenditure and Funding Analysis (continued)

Prior year comparatives

2015/16	Cabinet Report[1] £000	Total adjustments (Note 1a) £000	Net expenditure chargeable to the General Fund and HRA Balances £000	Adjustments between the funding and accounting basis (Note 1a) £000	Net expenditure in the Comprehensive Income & Expenditure Statement £000
Adult Social Care and Health	52,699	1,309	54,008	1,616	55,624
Children, Education and Skills	32,879	(6,002)	26,877	14,390	41,267
Children, Education and Skills - Dedicated Schools Grant (DSG)	(670)	670	0	0	0
Environment, Housing and Regeneration	14,916	(6,126)	8,790	(4,074)	4,716
Managed Growth	2,163	(279)	1,884	703	2,587
Resources and Delivering Value	19,327	(8,365)	10,962	23,342	34,304
Stronger Communities and Partnerships	5,626	238	5,864	1,394	7,258
Transport and Highways	5,623	482	6,105	3,853	9,958
Cost of services	**132,563**	**(18,073)**	**114,490**	**41,224**	**155,714**
Other income and expenditure (incl. levies)	(135,040)	11,553	(123,487)	(4,358)	(127,845)
(Surplus) or deficit	**(2,477)**	**(6,520)**	**(8,997)**	**36,866**	**27,869**

The following table shows how the net expenditure chargeable to the General Fund and HRA balances of (£8.997m) is represented in the Movement in Reserves Statement:

	Subtotal General Fund Balance £000	Housing Revenue Account (HRA) £000	Total General Fund and Housing Revenue Account (HRA) £000
Opening General Fund and HRA Balance at 01 April 2015	(58,733)	(8,700)	(67,433)
Add (surplus)/deficit on General Fund and HRA Balance in Year	(5,840)	(3,157)	(8,997)
Closing General Fund and HRA Balance at 31 March 2016	**(64,573)**	**(11,857)**	**(76,430)**

[1] The 2015/16 cabinet report figures have been adjusted for changes to Cabinet Portfolio responsiblities since 31 March 2016.

1a. Note to the Expenditure and Funding Analysis

2016/17	Housing Revenue Account £000	Earmarked Revenue Reserves £000	General Fund Earmarked Balance £000	Move DSG balance to Children, Education and Skills and move contribution from services to replenish working balances to Resources and Delivering Value £000	Items reported at Cabinet level but which sit below the Net Cost of Services £000	**Total adjustments to arrive at amount charged to the general fund and HRA £000**	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	**Total adjustment between funding and accounting basis £000**
Note	(i)	(ii)	(iii)	(iv)	(v)		(vi)	(vii)	(viii)	
Adult Social Care and Health	0	786	0	0	0	**786**	835	98	(2)	**931**
Children, Education and Skills	0	243	0	(1,144)	(5,691)	**(6,592)**	6,951	(314)	184	**6,821**
Children, Education and Skills - Dedicated Schools Grant (DSG)	0	0	0	1,144	0	**1,144**	0	0	0	**0**
Environment, Housing and Regeneration	812	1,116	0	0	(3,041)	**(1,113)**	(6,543)	18	54	**(6,471)**
Exceptional revaluation gain on Council Dwellings	0	0	0	0	0	**0**	0	0	(81,583)	**(81,583)**
Managed Growth	0	62	0	0	341	**403**	(8)	24	0	**16**
Resources and Delivering Value	0	(5,718)	0	(695)	(3,907)	**(10,320)**	1,495	13,275	71	**14,841**
Resources and Delivering Value - contribution from services to replenish working balances	0	0	0	695	0	**695**	0	0	0	**0**
Stronger Communities and Partnerships	0	242	0	0	(216)	**26**	1,221	51	(3)	**1,269**
Transport and Highways	0	443	0	0	73	**516**	3,242	20	0	**3,262**
Net cost of services	**812**	**(2,826)**	**0**	**0**	**(12,441)**	**(14,455)**	**7,193**	**13,172**	**(81,279)**	**(60,914)**
Other income and expenditure	0	4,360	(6,452)	0	12,441	**10,349**	(13,401)	0	583	**(12,818)**
Total	**812**	**1,534**	**(6,452)**	**0**	**0**	**(4,106)**	**(6,208)**	**13,172**	**(80,696)**	**(73,732)**

(i) The net contribution to the Housing Revenue Account is reported to the Council within the Environment, Housing and Regeneration cabinet portfolio. Therefore, this needs to be removed as it is part of the (surplus) or deficit on the General Fund and HRA Balances.

(ii) For resource management purposes, the Council includes contributions (to)/ from earmarked revenue reserves in its cabinet reporting. Therefore, these need to be removed as they are part of the (surplus) or deficit on the General Fund and HRA Balances.

(iii) The Budget Strategy reserve has been redesignated for the purpose of the Accounting Statement as an earmarked working balance during 2016/17 but is included within the Cabinet report figures. Therefore, this needs to be removed as it is part of the (surplus) or deficit on the General Fund and HRA Balances.

1a. Note to the Expenditure and Funding Analysis (continued)

(iv) In the Cabinet report, the amount funded by the Dedicated Schools Grant (DSG) within the Children, Education & Skills cabinet is shown separately. However, as this is within the same cabinet, it is all in one line in the CI&ES. Similarly, the contribution from services to replenish working balances in relation to the temporary funding of the upfront payment of Local Government Superannuation is shown separately in the Cabinet report but is included within the Resources Cabinet in the CI&ES.

(v) A number of items that are reported to management (e.g. interest payable, investment income and some non-ringfenced grants) are reported in the financial statements below the cost of services, therefore, this table shows the items being reallocated.

(vi) In general this column adds in depreciation, impairments and revaluation gains and losses. It also adjusts for capital disposals with a transfer of the income on the disposal and the amounts written-off. MRP is deducted because it is not chargeable under generally accepted accounting practices. Adjustments are also made to recognise capital grant income.

(vii) This shows which lines have been affected by the removal of pension contributions and replaced with IAS 19 debits and credits.

(viii) This column could include timing differences for debits or credits relating to premiums or discounts on debt settlement and variations in the amount chargeable for business rates and council tax under statute and the Code. This column also includes the exceptional revaluation gain on Council dwellings during 2016/17.

2015/16	Housing Revenue Account £000	Earmarked Revenue Reserves £000	Move DSG balance to Children, Education and Skills £000	Items reported at Cabinet level but which sit below the Net Cost of Services £000	**Total adjustments to arrive at amount charged to the general fund and HRA £000**	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	**Total adjustment between funding and accounting basis £000**
Note	(i)	(ii)	(iii)	(iv)		(v)	(vi)	(vii)	
Adult Social Care and Health	0	1,309	0	0	**1,309**	1,209	389	18	**1,616**
Children, Education and Skills	0	580	(670)	(5,912)	**(6,002)**	14,520	404	(534)	**14,390**
Children, Education and Skills - Dedicated Schools Grant (DSG)	0	0	670	0	**670**	0	0	0	**0**
Environment, Housing and Regeneration	(3,157)	2,108	0	(5,077)	**(6,126)**	(4,194)	64	56	**(4,074)**
Managed Growth	0	(268)	0	(11)	**(279)**	575	126	2	**703**
Resources and Delivering Value	0	(4,382)	0	(3,983)	**(8,365)**	10,120	13,130	92	**23,342**
Stronger Communities and Partnerships	0	484	0	(246)	**238**	1,112	270	12	**1,394**
Transport and Highways	0	308	0	174	**482**	3,783	67	3	**3,853**
Net cost of services	**(3,157)**	**139**	**0**	**(15,055)**	**(18,073)**	**27,125**	**14,450**	**(351)**	**41,224**
Other income and expenditure	0	(3,502)	0	15,055	**11,553**	(2,896)	0	(1,462)	**(4,358)**
Total	**(3,157)**	**(3,363)**	**0**	**0**	**(6,520)**	**24,229**	**14,450**	**(1,813)**	**36,866**

1a. Note to the Expenditure and Funding Analysis (continued)

(i) The net contribution to the Housing Revenue Account is reported to the Council within the Environment, Housing and Regeneration cabinet portfolio. Therefore, this needs to be removed as it is part of the (surplus) or deficit on the General Fund and HRA Balances.

(ii) For resource management purposes, the Council includes contributions (to)/ from earmarked revenue reserves in its cabinet reporting. Therefore, these need to be removed as they are part of the (surplus) or deficit on the General Fund and HRA Balances.

(iii) In the Cabinet report, the amount funded by the Dedicated Schools Grant (DSG) within the Children, Education & Skills cabinet is shown separately. However, as this is within the same cabinet, it is all in one line in the Comprehensive Income and Expenditure Statement.

(iv) A number of items that are reported to management (e.g. interest payable, investment income and some non-ringfenced grants) are reported in the financial statements below the cost of services, therefore, this table shows the items being reallocated.

(v) In general this column adds in depreciation, impairments and revaluation gains and losses. It also adjusts for capital disposals with a transfer of the income on the disposal and the amounts written-off. MRP is deducted because it is not chargeable under generally accepted accounting practices. Adjustments are also made to recognise capital grant income.

(vi) This shows which lines have been affected by the removal of pension contributions and replaced with IAS 19 debits and credits.

(vii) This column could include timing differences for debits or credits relating to premiums or discounts on debt settlement and variations in the amount chargeable for business rates and council tax under statute and the Code.

2. 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, i.e. in the current and future years affected by the change, and do not give rise to a prior period adjustment.

2a. Prior Period Restatement of Service Expenditure and Income

Expenditure on services and income relating to or derived from those services is classified in the Comprehensive Income and Expenditure Statement in accordance with the Code. This requires that councils present expenditure and income on services on the basis of their reportable segments. These reportable segments are based on the Council's internal management reporting structure. This is a change from the previous requirement to present expenditure and income in accordance with the Service Expenditure Code of Practice (SERCOP). This note shows how the net expenditure, gross expenditure and income have been restated.

SERCOP Service line	As reported in the CI&ES 2015/16 £000	Adjustments between SERCOP classifications & internal reporting classifications £000	As restated 2015/16 £000	Cabinet	Note
Net Expenditure					
Adult Social Care	59,390	(3,766)	55,624	Adult Social Care and Health	(i)
Public Health	13	(13)	0		(i)
Central Services to the Public	1,677	910	2,587	Managed Growth	
Children's and Education Services	48,418	(7,151)	41,267	Children, Education and Skills	(ii)
Cultural & Related Services	7,829	(571)	7,258	Stronger Communities and Partnerships	
Highways & Transport Services	16,789	(6,831)	9,958	Transport and Highways	(iii)
Local Authority Housing (HRA)	(12,971)	17,687	4,716	Environment, Housing and Regeneration	(iv)
Environmental & Regulatory Services	12,063	(12,063)	0		(iv)
Other Housing Services	2,692	(2,692)	0		(v)
Planning Services	16,314	17,990	34,304	Resources and Delivering Value	(vi)
Corporate & Democratic Core	3,928	(3,928)	0		
Non Distributed Cost	(428)	428	0		
Cost of services	**155,714**	**0**	**155,714**		
Gross Expenditure					
Adult Social Care	90,435	4,086	94,521	Adult Social Care and Health	(i)
Public Health	10,465	(10,465)	0		(i)
Central Services to the Public	4,739	4,514	9,253	Managed Growth	
Children's & Education Services	195,872	(7,945)	187,927	Children, Education and Skills	(ii)
Cultural & Related Services	11,084	3,026	14,110	Stronger Communities and Partnerships	
Highways & Transport Services	24,110	(7,570)	16,540	Transport and Highways	(iii)
Local Authority Housing (HRA)	32,608	19,851	52,459	Environment, Housing and Regeneration	(iv)
Environmental & Regulatory Services	18,216	(18,216)	0		(iv)
Other Housing Services	63,972	(63,972)	0		(v)
Planning Services	28,128	83,449	111,577	Resources and Delivering Value	(vi)
Corporate & Democratic Core	4,779	(4,779)	0		
Non Distributed Cost	1,979	(1,979)	0		
Cost of services	**486,387**	**0**	**486,387**		

2a. Prior Period Restatement of Service Expenditure and Income (continued)

SERCOP Service line	As reported in the Comprehensive Income and Expenditure Statement 2015/16 £000	Adjustments between SERCOP classifications and internal reporting classifications £000	As restated 2015/16 £000	Cabinet	Note
Gross Income					
Adult Social Care	(31,045)	(7,852)	(38,897)	Adult Social Care and Health	(i)
Public Health	(10,452)	10,452	0		(i)
Central Services to the Public	(3,062)	(3,604)	(6,666)	Managed Growth	
Children's & Education Services	(147,454)	794	(146,660)	Children, Education and Skills	(ii)
Cultural & Related Services	(3,255)	(3,597)	(6,852)	Stronger Communities and Partnerships	
Highways & Transport Services	(7,321)	739	(6,582)	Transport and Highways	(iii)
Local Authority Housing (HRA)	(45,579)	(2,164)	(47,743)	Environment, Housing and Regeneration	(iv)
Environmental & Regulatory Services	(6,153)	6,153	0		(iv)
Other Housing Services	(61,280)	61,280	0		(v)
Planning Services	(11,814)	(65,459)	(77,273)	Resources and Delivering Value	(vi)
Corporate & Democratic Core	(851)	851	0		
Non Distributed Cost	(2,407)	2,407	0		
Cost of services	**(330,673)**	**0**	**(330,673)**		

Material movements in gross income, gross expenditure and net expenditure:

(i)	The net movement of (£3.766 million) is made up of:	£000
	Expenditure included within Public Health under SERCOP	10,462
	Income included within Public Health under SERCOP	(10,451)
	Net effect of overhead costs previously required to be split over service lines (now mostly reported within Resources & Delivering Value)	(3,732)
	Other minor movements	(45)
	Total adjustments from Adult Social Care to Adult Social Care & Health	**(3,766)**

(ii)	The net movement of (£7.151 million) is made up of:	£000
	Net expenditure relating to children & education services included in the Resources & Delivering Value Cabinet	(106)
	Net effect of overhead costs previously required to be split over service lines (now mostly reported within Resources & Delivering Value)	(7,102)
	Other minor movements	57
	Total adjustments from Children's and Education services to Children, Education and Skills	**(7,151)**

2a. Prior Period Restatement of Service Expenditure and Income (continued)

(iii)	The net movement of (£6.831 million) is made up of:	£000
	Net expenditure included within the Environment, Housing and Regeneration Cabinet (mainly Cleansing Services)	(4,670)
	Net effect of overhead costs previously required to be split over service lines (now mostly reported within Resources and Delivering Value)	(1,859)
	Other minor movements	(302)
	Total adjustments from Highways & Transport Services to Transport and Highways	**(6,831)**

(iv)	The net movement of £17.687 million is made up of:	£000
	Net expenditure included within Environmental & Regulatory under	10,364
	Net expenditure included within Highways & Transport under SERCOP	4,670
	Net expenditure included within Other Housing Services under SERCOP	1,420
	Other minor movements	1,233
	Total adjustments from Local Authority Housing (HRA) to Environment, Housing and Regeneration	**17,687**

(v)	The net movement of (£2.692 million) is made up of:	£000
	Expenditure relating to housing benefits included within the Resources and Delivering Value Cabinet	(59,575)
	Income relating to housing benefits included within the Resources and Delivering Value Cabinet	59,239
	Net expenditure included within the Environment, Housing and Regeneration Cabinet	(1,420)
	Net effect of overhead costs previously required to be split over service lines (now mostly reported within Resources & Delivering Value)	(891)
	Other minor movements	(45)
	Total adjustments from Other Housing Services	**(2,692)**

Resources and Delivering Value net expenditure

The Resources and Delivering Value Cabinet is not directly comparable with any of the previous SERCOP lines due to the effect of overhead costs previously required to be split over service lines. The figures below, therefore, show how the net expenditure of £34.304m compares to the CI&ES based on SERCOP classifications.

(vi)	The Resources & Delivering Value net expenditure of £34.304 million is made up of:	£000
	Net expenditure included within Planning Services under SERCOP	10,457
	Net expenditure included within Corporate & Democratic Core under SERCOP	2,134
	Net expenditure included within Non-distributed Cost under SERCOP	(428)
	Net income relating to Children & Education Services included in the Resources & Delivering Value Cabinet	106
	Net effect of overhead costs previously required to be split over service lines	21,477
	Other minor movements	558
	Total Resources and Delivering Value net expenditure	**34,304**

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 50, 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

The accounting policies for Property, Plant & Equipment, including Recognition of School Assets, have been applied to school assets and the list of maintained schools held on/off the Council's Balance Sheet at 31 March 2017 is shown below:

	On Balance Sheet	Off Balance Sheet
Community Schools	37	0
Voluntary Controlled	1	0
Voluntary Aided	0	17
Academies	0	23
	38	40

It is 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 in 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.

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 37 - 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, Blythe Valley Innovation Centre Ltd and the Urban Growth Company 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 Accounting Statement 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 2017 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 47 - Contingent Liabilities.	The effects on the Contingent Liabilities in the Accounting Statement can vary due to uncertain future events.
PFI & Similar Contracts	At March 2017 the Council is committed to making unitary payments of £277.137m over the remaining contracted life of PFI and other similar contract schemes (see Note 42). 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.

<table>
<tr><th>Item</th><th>Uncertainties</th><th>Effect if Actual Results Differ from Assumptions</th></tr>
<tr><td>Provisions</td><td>The Council has made the following provisions in the Accounting Statement that are deemed to be uncertain:
1. Business rates appeals provision of £6.574m based on the latest position of appeals lodged as at 31 March 2017 and the best estimate of the expenditure that will be required to settle the successful appeals;
2. Insurance provision of £1.054m based on the number of self insurance risk claims that are not covered by the Council's external insurance policies;
3. Other provisions totalling £0.279m
Further detail is given in Note 27 - Provisions.</td><td>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.</td></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, life expectancy 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 2016/17, the updating of assumptions by the Council's actuaries has led to an increase in the net pension liability of £77.514m.
Further detail is given in Note 45 - Defined Benefit Pension Schemes.</td><td>Any change in the level of the net pension liability is reflected in the CI&ES and the balance sheet, through an equal increase in the Pensions Reserve.</td></tr>
<tr><td>Arrears</td><td>At 31 March 2017, 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>£14.304m</td><td>£1.856m (13%)</td></tr>
<tr><td>Council tax</td><td>£4.347m</td><td>£3.174m (73%)</td></tr>
<tr><td>Housing benefit</td><td>£2.979m</td><td>£2.135m (72%)</td></tr>
<tr><td>HRA (rent & service charges)</td><td>£2.706m</td><td>£2.034m (75%)</td></tr>
<tr><td>Business rates</td><td>£1.637m</td><td>£1.013m (62%)</td></tr>
<tr><td>Other</td><td>£19.462m</td><td>£0.258m (1%)</td></tr>
<tr><td></td><td>£45.435m</td><td>£10.470m (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, which would be a charge in the CI&ES.</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:

Children, Education and Skills
Expenditure for 2015/16 included a number of entries in the CI&ES that related to valuation adjustments to school buildings, including 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) and impairment losses of £3.1m in relation to the former school buildings at Fordbridge and Coleshill.

These entries are not in the 2016/17 CI&ES and this explains a significant part of the reduction in year on year expenditure. Furthermore, the removal of these school buildings from the balance sheet has resulted in a decrease in the 2016/17 depreciation charge of approximately £2.7m compared to 2015/16.

Exceptional revaluation gain on Council dwellings

During 2016/17 the Council dwellings have been revalued. This has resulted in a significant increase in valuation due to an increase in the fair value of Council dwellings. This requires a different technical accounting treatment compared to the (Surplus) on revaluation of non-current assets, below. In 2010/11 the Council dwellings were revalued downwards and £141.622m charged against the CI&ES as an exceptional item. Any revaluation gains of the Council's dwellings up to the value of £141.622m have to be accounted for in the CI&ES rather than the revaluation reserve.

Resources and Delivering Value

During 2015/16, revaluation losses of £11.295m were recognised in the gross expenditure. These mostly relate to properties which have been reclassified during the year from Investment Property to Property, Plant and Equipment.

There is only an equivalent cost in gross expenditure for 2016/17 in relation to revaluation losses on assets of £3.909m. This reduction in expenditure of £7.386m explains the majority of the change in gross expenditure between 2015/16 and 2016/17.

Loss on disposal of non-current assets

The net loss on the disposal of assets in 2015/16 was mainly attributable to the conversion of Lyndon School (a large secondary 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 2016/17, the net loss on disposal of £2.142m is mostly due to the conversion to academy status of two primary schools in the borough.

(Surplus) on revaluation of non-current assets

During 2016/17 the School Properties have been revalued. This has resulted in a significant increase in valuation due to an increase in the depreciated replacement cost of school buildings.

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 2016/17, as a result of the application of the assumptions in line with the updated valuation of the scheme, this has led to a charge to the CI&ES of £64.352m (2015/16: credit of £32.410m).

Further information can be found within Note 45 - Defined Benefit Pension Schemes.

Pension Contributions for 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 was repaid to earmarked revenue reserves and £1.382m repaid to working balances, funded from the employer contribution budgets. In 2016/17, the remaining amounts were repaid from the employer contribution budgets; £5.445m repaid to earmarked revenue reserves and £0.695m repaid to working balances.

The effect of this temporary funding on the Council’s Accounting Statement and notes is summarised as follows:

Movement in Reserves Statement (MIRS) and Note 11 - Transfers to/from Earmarked Reserves

The transfer from the General Fund working balance of £2.994m is net of a contribution of £0.695m in relation to the pension cost that was originally due in 2016/17.

The transfers from earmarked reserves of £1.534m is net of a contribution of £5.445m to replenish reserves which were temporarily used to fund the advance pension payment. All amounts temporarily used have now been replenished.

6. Expenditure & Income analysed by Type

2015/16 £000		2016/17 £000
	Expenditure	
161,542	Employee benefits expenses	**150,790**
20,945	Employee benefits expenses for Voluntary Aided schools	**20,133**
259,883	Other service expenses	**263,568**
52,340	Depreciation, amortisation, impairment and revaluation losses	**36,780**
0	Exceptional revaluation gain on Council Dwellings [Note 5]	**(81,583)**
16,286	Interest payments	**16,439**
11,106	Precepts & levies	**10,602**
1,564	Payments to the housing capital receipts pool	**1,420**
12,378	Loss on disposal of non-current assets	**2,142**
536,044	**Total Expenditure**	**420,291**
	Income	
(112,163)	Fees, charges and other service income [Note 6a]	**(108,881)**
(930)	Rent received on investment properties	**(1,051)**
(4,791)	Interest and investment income	**(3,715)**
(117,111)	Income from council tax and business rates	**(119,168)**
(273,180)	Government grants and contributions	**(259,882)**
(508,175)	**Total Income**	**(492,697)**
27,869	**(Surplus)/ Deficit on the Provision of Services**	**(72,406)**

6a. Revenue from external customers

The table below provides a breakdown by cabinet portfolio of the total fees, charges and other service income figures shown in the table above.

2015/16 £000		2016/17 £000
(20,063)	Adult Social Care and Health	**(22,470)**
(14,217)	Children, Education and Skills	**(9,256)**
(46,795)	Environment, Housing and Regeneration	**(46,333)**
(2,334)	Managed Growth	**(4,164)**
(16,885)	Resources and Delivering Value	**(15,850)**
(6,380)	Stronger Communities and Partnerships	**(5,697)**
(5,489)	Transport and Highways	**(5,111)**
(112,163)	**Total fees, charges and other service income**	**(108,881)**

7. 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 Coventry. The service has generated a trading surplus of £0.290m. (2015/16: £0.290m). There are a number of challenges facing the services in the coming year with potential increases in the cost of food, labour charges and with schools looking for more competitive pricing as a result of changes to the National Funding Formula for schools.

The trading position for the catering service for 2016/17 and 2015/16 is shown in the tables below:

2016/17	**Internal Trading**	**External Trading**	**Total**
Number of Units	*59*	*55*	*114*
	£000	**£000**	**£000**
Turnover	(5,053)	(5,824)	(10,877)
Expenditure	4,825	5,762	10,587
Total surplus	**(228)**	**(62)**	**(290)**
Additional current cost of service pension charge	19	20	39
Total surplus included within the Council's CI&ES	**(209)**	**(42)**	**(251)**

The total shown in the CI&ES for the surplus of trading operations not allocated to services is £0.042m (£0.046m in 2015/16), in respect of the trading position for Solihull academy schools and trading with other authorities.

2015/16	**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)**

8. Grant Income

The Council has credited the following grants, contributions and donations to the Comprehensive Income & Expenditure Statement in 2015/16 and 2016/17:

	2015/16		**2016/17**	
	£000	£000	**£000**	**£000**
Credited to Taxation and Non- specific Grant Income				
Non-ringfenced government grants				
Revenue Support Grant [1]	(26,417)		**(19,200)**	
New Homes Bonus	(3,054)		**(4,051)**	
Section 31 business rates grants	(1,806)		**(1,123)**	
Transition Grant [2]	0		**(960)**	
Council Tax Freeze Grant [3]	(960)		**0**	
Local Services Support Grant [4]	(85)		**0**	
		(32,322)		**(25,334)**
Capital Grants and Contributions				
Basic Need Grant (Schools Capital) [5]	(4,472)		**(5,439)**	
Local Transport Plan	(3,148)		**(3,224)**	
Highways Challenge Fund	(3,022)		**(2,342)**	
A45 Bridge	(5,024)		**(1,906)**	
Affordable Housing Section 106 contributions [6]	(313)		**(1,822)**	
Condition Grant	(1,734)		**(1,440)**	
Lode Lane Highway improvements	(2,655)		**(1,286)**	
Highways Section 106 contributions	0		**(1,200)**	
Other Capital Grants, Contributions and Donations	(1,980)		**(2,711)**	
		(22,348)		**(21,370)**
Credited to Services				
Dedicated Schools Grant (DSG)		(105,001)		**(104,246)**
Housing Benefit Subsidy		(57,955)		**(56,820)**
Public Health Grant		(10,367)		**(11,508)**
Better Care Fund [7]		(6,820)		**(7,877)**
PFI credits		(6,636)		**(6,522)**
Pupil Premium		(6,240)		**(6,264)**
Sixth Form Funding		(2,648)		**(2,425)**
Asylum Seekers		(2,204)		**(2,351)**
Revenue expenditure funded by capital under statute (REFCUS)		(7,229)		**(2,317)**
Education Services Grant		(2,506)		**(2,244)**
Universal Infant Free School Meals		(2,084)		**(2,235)**
Housing Benefit and Localised Council Tax Support Administration		(920)		**(918)**
Other Revenue Grants, Contributions and Donations		(7,900)		**(7,451)**
		(218,510)		**(213,178)**
Total		(273,180)		**(259,882)**

[1] Revenue Support Grant (RSG) - this is the general government grant given to the Council for funding council services and this has reduced by £7.217m since 2015/16. This reduction, which was due partly to the government's austerity measures and partly to a change in how funding was distributed from 2016/17, was taken into account as part of the Council's budget setting process for 2016/17.

[2] Transition Grant was introduced in 2016/17 to support those local authorities which had experienced a particularly significant reduction in RSG as a result of changes to the distribution methodology.

[3] The government's policy of supporting council tax freezes through specific grant has now ended, with the last year of such support being 2015/16.

Note 8 continued

[4] The different funding streams which made up Local Services Support Grant in 2015/16 were disaggregated in 2016/17 and are now included in Other Revenue Grants, Contributions and Donations (total value in 2016/17 is £0.030m).

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

[6] £0.313m of Housing Section 106 contributions was included within Other Capital Grants, Contributions and Donations in the 2015/16 accounting statement.

[7] For 2016/17 this figure includes £1.918m in respect of funding received by the Council and managed under joint arrangements (see Note 37: Pooled Budgets). The equivalent figure of £1.918m is not included in the 2015/16 Better Care Fund total in the table above.

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 2016 £000	**31 March 2017 £000**
Capital Grants Receipts in Advance		
Various Section 106 Contributions	(4,931)	**(4,050)**
Early Years Grant	0	**(450)**
Devolved Formula Capital	(454)	**(186)**
Other Grants and Contributions	(187)	**(791)**
Total	(5,572)	**(5,477)**

9. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2016/17	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	(19,935)	(10,598)	0	0	0	30,533
Revaluation gains /(losses) on Property, Plant and Equipment [1]	(5,388)	81,256	0	0	0	(75,868)
Movements in the fair value of Investment Property	318	37	0	0	0	(355)
Amortisation of intangible assets	(394)	(138)	0	0	0	532
Capital grants and contributions applied	17,328	2,068	0	0	0	(19,396)
Revenue expenditure funded from capital under statute	(3,201)	0	0	0	0	3,201
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(9,583)	(2,572)	0	0	0	12,155
Insertion of items not debited or credited to the CI&ES:						
Provision for the repayment of debt	8,172	956	0	0	0	(9,128)
Capital expenditure charged to the General Fund and HRA balances	2,429	3,225	0	0	0	(5,654)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CI&ES statement	4,290	0	0	0	(4,290)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	2,288	(2,288)
Adjustments primarily involving the Capital Receipts Reserve:						
Credits to the Capital Receipts Reserve to repay debt	0	0	(67)	0	0	67
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&ES	6,235	3,778	(10,013)	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	109	0	0	(109)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(100)	0	100	0	0	0
Transfer from the Capital Receipts Reserve equal to the amount payable into the Housing capital receipts pool	(1,420)	0	1,420	0	0	0
Balance c/fwd	**(1,249)**	**78,012**	**(8,451)**	**0**	**(2,002)**	**(66,310)**

Note 9 continued

2016/17	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	**(1,249)**	**78,012**	**(8,451)**	**0**	**(2,002)**	**(66,310)**
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	11,028	0	(11,028)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	10,442	0	(10,442)
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	98	(54)	0	0	0	(44)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CI&ES	(24,569)	0	0	0	0	24,569
Employer's contributions payable to scheme	11,397	0	0	0	0	(11,397)
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	(754)	0	0	0	0	754
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	(177)	0	0	0	0	177
Total Adjustments	**(15,254)**	**88,986**	**(8,451)**	**(586)**	**(2,002)**	**(62,693)**

[1] Revaluation gains /(losses) on Property, Plant and Equipment includes the revaluation gain of £81.583m on the Council's dwellings. Futher details are given in note 5 - Material Items of Income and Expenditure.

Note 9 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
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 fair 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:						
Provision for the repayment of debt	7,479	881	0	0	0	(8,360)
Capital expenditure charged to the General Fund and HRA balances	2,141	821	0	0	0	(2,962)
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 9 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)
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 9 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. In 2016/17, this includes the Budget Strategy Reserve.

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 11.

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 within PPE).

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.

10. Unusable Reserves

The balance of the Council's unusable reserves are summarised in the following table. Further details of material reserves are given individually in the tables that follow:

31 March 2016 £000		**31 March 2017 £000**	Note
(161,323)	Revaluation Reserve	**(225,980)**	a
(365,103)	Capital Adjustment Account	**(470,104)**	b
(33,967)	Available for Sale Financial Instruments Reserve	**(37,457)**	c
(166)	Financial Instruments Adjustment Account (FIAA)	**(210)**	
233,660	Pensions Reserve	**311,174**	d
1,924	Collection Fund Adjustment Account	**2,678**	
1,993	Accumulated Absences Account	**2,170**	
(322,982)	Total Unusable Reserves	**(417,729)**	

10a. 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.

2015/16 £000		**2016/17 £000**	**£000**
(152,981)	**Balance at 1 April**		**(161,323)**
(33,903)	Upward revaluation of assets [1]	**(93,732)**	
19,843	Downward revaluation of assets and impairment losses not charged to the (Surplus)/ Deficit on the Provision of Services in the CI&ES	**1,119**	
			(92,613)
0	In-year adjustment [2]		**21,682**
5,703	Difference between fair value depreciation and historical cost depreciation		**4,583**
15	Disposals and transfers to Investment Property		**1,691**
(161,323)	**Balance at 31 March**		**(225,980)**

[1] Further details are given in Note 5 - Material Items of Income and Expenditure.

[2] In-year adjustment is a technical adjustment between the revaluation reserve and the capital adjustment account to reflect the treatment of revaluation gains following a revaluation loss on Council dwellings in 2010/11.

10b. 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 Capital Adjustment 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.

2015/16 £000		2016/17 £000	2016/17 £000
(384,143)	**Balance at 1 April**		**(365,103)**
	Reversal of items relating to capital expenditure debited or credited to the CI&ES:		
30,603	Charges for depreciation on non-current assets	**30,053**	
3,101	Charges for impairment on non-current assets	**480**	
18,039	Revaluation (gains) /losses on Property, Plant and Equipment	**(75,868)**	
597	Amortisation of intangible non-current assets	**532**	
9,592	Revenue expenditure funded from capital under statute	**3,201**	
18,774	Amounts of non-current assets written off on disposal or sale as part of the loss on disposal to the CI&ES	**12,155**	
80,706			**(29,447)**
	Adjusting amounts written out of the Revaluation Reserve		
(5,703)	Write down of the Revaluation Reserve - depreciation	**(4,583)**	
(15)	Write down of the Revaluation Reserve - disposals	**(1,691)**	
(5,718)	Net amount written out of the cost of non-current assets consumed in the year		**(6,274)**
	Capital Financing applied in the year:		
(4,146)	Use of the Capital Receipts Reserve to finance new capital expenditure or to set aside to reduce the net indebtedness of the authority	**(109)**	
(12,003)	Use of the Major Repairs Reserve to finance new capital expenditure	**(10,442)**	
(27,239)	Use of capital grants and contributions credited to the CI&ES	**(19,396)**	
(1,196)	Application of grants from the Capital Grants Unapplied Account to fund capital expenditure	**(2,288)**	
(2,962)	Capital expenditure funded from revenue and reserves	**(5,654)**	
(8,360)	Provision for the repayment of debt	**(9,128)**	
(55,906)			**(47,017)**
	Other Movements		
0	In-year adjustment [1]	**(21,682)**	
(114)	Movements in the market value of investment properties debited or credited to the CI&ES	**(355)**	
0	Removal of liability relating to the disposal of leased assets	**(293)**	
33	Transferred debt	**33**	
39	Loan repayment	**34**	
(42)			**(22,263)**
(365,103)	**Balance at 31 March**		**(470,104)**

[1] In-year adjustment is a technical adjustment between the revaluation reserve and the capital adjustment account to reflect the treatment of revaluation gains following a revaluation loss on Council dwellings in 2010/11.

10c. 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.

2015/16 £000		**2016/17 £000**
(32,528)	**Balance at 1 April**	**(33,967)**
(1,439)	(Upward) or downward revaluation of investments	**(3,490)**
(33,967)	**Balance at 31 March**	**(37,457)**

10d. 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.

2015/16 £000		**2016/17 £000**	**2016/17 £000**
251,620	**Balance at 1 April**		**233,660**
(32,410)	Remeasurement of the net defined benefit liability	**64,342**	
26,305	Reversal of items relating to retirement benefits debited to the (Surplus)/ Deficit on the Provision of Services in the CI&ES	**24,569**	
(11,855)	Employer’s pensions contributions and direct payments to pensioners payable in the year	**(11,397)**	
			77,514
233,660	**Balance at 31 March**		**311,174**

11. 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 2015/16 and 2016/17.

General Fund Earmarked Revenue Reserves	Balance at 01 April 2015 £000	Transfers out 2015/16 £000	Transfers in 2015/16 £000	Balance at 31 March 2016 £000	Transfers out 2016/17 £000	Transfers in 2016/17 [3] £000	Balance at 31 March 2017 £000
Schools [1]	(8,633)	1,493	(3,712)	**(10,852)**	1,793	(2,488)	**(11,547)**
Treasury Management	(742)	366	(1,990)	**(2,366)**	3,185	(6,275)	**(5,456)**
Future Capital Spending	(2,623)	2,049	(3,665)	**(4,239)**	302	(1,176)	**(5,113)**
Grants unapplied with no conditions	(3,898)	860	(1,021)	**(4,059)**	931	(607)	**(3,735)**
Insurance	(2,501)	886	(972)	**(2,587)**	31	(787)	**(3,343)**
Development, Investment and Growth (DIG Fund)	(767)	0	(676)	**(1,443)**	0	(207)	**(1,650)**
Severance	(2,224)	1,340	(719)	**(1,603)**	764	(469)	**(1,308)**
Recycling Projects	(2,239)	209	(99)	**(2,129)**	1,104	(99)	**(1,124)**
Business Rates Deficit Reserve	(2,174)	1,654	(150)	**(670)**	1,701	(2,152)	**(1,121)**
Solihull Families First	(672)	0	(278)	**(950)**	118	(31)	**(863)**
Unaccompanied Asylum Seeking Children	(1,728)	265	0	**(1,463)**	690	0	**(773)**
Schools Catering	(136)	12	(321)	**(445)**	17	(329)	**(757)**
Bereavement Services	(685)	101	(61)	**(645)**	212	(141)	**(574)**
Street Lighting Services	(1,266)	373	0	**(893)**	1,407	(981)	**(467)**
Schools Regeneration - Prudential Borrowing	(3,345)	2,900	0	**(445)**	0	0	**(445)**
Local Welfare Provision Community Care Grant	(662)	167	0	**(495)**	102	0	**(393)**
Superfast Broadband Reserve	(578)	0	0	**(578)**	190	0	**(388)**
Schools Regeneration Fund	(535)	72	0	**(463)**	149	0	**(314)**
Adult Social Care	(2,388)	1,854	(389)	**(923)**	901	(40)	**(62)**
Budget Strategy [2]	0	1,169	(4,648)	**(3,479)**	10,723	(7,244)	**0**
Recycling Income Risks	0	522	(522)	**0**	0	0	**0**
Sub Total	**(37,796)**	**16,292**	**(19,223)**	**(40,727)**	**24,320**	**(23,026)**	**(39,433)**
Other	(7,750)	3,119	(3,551)	**(8,182)**	1,872	(1,632)	**(7,942)**
Total	**(45,546)**	**19,411**	**(22,774)**	**(48,909)**	**26,192**	**(24,658)**	**(47,375)**

[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] The Budget Strategy reserve has been redesignated for the purpose of the Accounting Statement as an earmarked working balance during 2016/17 and is included in this column in the Movement in Reserves statement.

[3] Transfers into reserves in 2016/17 include £5.445m to replenish reserves used to fund the advance payment of pension costs in 2014/15. Further details can be found in Note 5 - Material items of income and expenditure.

12. Movements on Balances for Property, Plant and Equipment

2016/17	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £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 2016	**319,279**	**438,926**	**11,436**	**103,821**	**12,265**	**19,131**	**904,858**	**52,962**
Additions	12,067	6,046	2,302	11,933	34	13,198	**45,580**	25
Other adjustments	0	0	7,045	0	0	0	**7,045**	7,045
Revaluations recognised in the Revaluation Reserve	458	92,655	0	0	(9)	0	**93,104**	21,925
Revaluations recognised in the (surplus)/ deficit on the provision of services	81,583	(5,715)	0	0	0	0	**75,868**	0
Disposals	(2,572)	(9,583)	0	0	0	0	**(12,155)**	0
Reclassifications	417	988	365	11,706	0	(13,200)	**276**	0
Depreciation on cost	(9,543)	(8,492)	(3,932)	(3,504)	0	0	**(25,471)**	(2,823)
Depreciation written out to revaluation reserve	(748)	(3,835)	0	0	0	0	**(4,583)**	(466)
Impairment losses recognised in the revaluation reserve	0	(491)	0	0	0	0	**(491)**	0
Impairment losses recognised in the (surplus)/ deficit on the provision of services	0	(480)	0	0	0	0	**(480)**	0
Net Book Value at 31 March 2017	**400,941**	**510,019**	**17,216**	**123,956**	**12,290**	**19,129**	**1,083,551**	**78,668**

The Net Book Value at 31 March 2017 is analysed as follows:

Certified Valuation at 31 March 2017	400,941	526,537	24,394	163,811	12,290	19,129	**1,147,102**	80,933
Accumulated Depreciation and Impairment	0	(16,518)	(7,178)	(39,855)	0	0	**(63,551)**	(2,265)

Explanations for significant movements:

The increase in the value of Council dwellings is as a result of the year on year increase in the vacant possession fair value for HRA stock combined with an increase in the existing use value from 34% to 40%. Other land and buildings value has increased due to the revaluation of assets, primarily schools, as the cost to replace these assets has increased. Infrastructure assets has increased due to the completion of the A45 South Bridge £11.5m and Lode Lane works £5.3m being added to the net book value.

Note 12 continued

2015/16	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £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 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)
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 (surplus)/ deficit on 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 (surplus)/ deficit on 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)

13. Capital Commitments

As at 31 March 2017, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment. The major commitments are listed in the table below.

	2015/16	**2016/17**
	£000	**£000**
HRA Acquisitions & New Build	411	**7,355**
HRA Low Rise Block Programme	3,661	**3,718**
HRA Minor Structural & Other Minor Works	2,085	**1,693**
HRA Heating	821	**731**
HRA High Rise Block Programme	652	**624**
HRA Re-Roofing	292	**499**
HRA Lifts	0	**443**
HRA CCTV	170	**0**
Windy Arbor & Yorkswood Schools Regeneration	0	**2,022**
Blossomfield Infant School	1,387	**657**
Greswold School	0	**438**
Kingshurst Primary School Extension	0	**417**
Chelmund's Cross Village Centre	3,518	**240**
A45 South Bridge Replacement	1,421	**99**
Solihull Lode Lane Road Improvement	878	**85**
St. Anthony's Primary School	301	**10**
Solihull Gateway	25	**0**
Relocation of Data Centre	38	**0**
Total	15,660	**19,031**

14. 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 valued 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:

2016/17	**Valued at Historical Cost**	**Valued at Current/ Fair Value**					
		2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Council Dwellings	0	0	0	0	0	400,941	**400,941**
Other Land and Buildings	276	21,391	73	6,806	63,693	417,780	**510,019**
Vehicles, Plant and Equipment	17,216	0	0	0	0	0	**17,216**
Infrastructure Assets	123,956	0	0	0	0	0	**123,956**
Community Assets	12,290	0	0	0	0	0	**12,290**
Assets Under Construction	19,129	0	0	0	0	0	**19,129**
Heritage Assets	950	0	0	0	0	0	**950**
Investment Property	117	0	0	0	0	10,371	**10,488**
Intangible Assets	639	0	0	0	0	0	**639**
TOTAL	**174,573**	**21,391**	**73**	**6,806**	**63,693**	**829,092**	**1,095,628**

2015/16	Valued at Historical Cost £000	Valued at Current/ Fair Value 2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Council Dwellings	0	0	0	0	319,279	**319,279**
Other Land and Buildings	136	49,780	194,644	6,859	187,507	**438,926**
Vehicles, Plant and Equipment	11,436	0	0	0	0	**11,436**
Infrastructure Assets	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**

15. 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:

2015/16 £000		2016/17 £000
89,422	**Balance at start of the year**	**10,409**
66	Additions	**0**
(5)	Disposals	**0**
114	Net gains from fair value adjustments	**355**
(79,188)	Reclassifications	**(276)**
10,409	**Balance at end of the year**	**10,488**

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 table overleaf is a breakdown of the tier two valuations between recurring and non recurring.

	2015/16 £000	**2016/17** **£000**
Balance at end of the year	10,409	**10,488**
Recurring Level 2 Fair Value	10,292	**10,371**
Non Recurring Level 2 Fair Value	117	**117**

16. 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 normally between 3 and 5 years.

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

2015/16 Total Software Licences £000		**2016/17** **Total** **Software** **Licences** **£000**
2,044	Certified Valuation at 31 March	**1,684**
(655)	Accumulated Amortisation and Impairment	**(654)**
1,389	**Net book value of assets at start of the year**	**1,030**
238	Purchases	**141**
(597)	Amortisation	**(532)**
1,030	**Net book value of assets at end of the year**	**639**

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

17. Financial Instruments - Summary

Financial Instruments, as defined by the Code, 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 Note 18 which follows, 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 2016 £000	**31 March 2017 £000**	31 March 2016 £000	**31 March 2017 £000**
Financial assets				
Investments	41,323	**47,813**	34,305	**29,626**
Debtors and other receivables	1,421	**1,316**	35,695	**44,298**
Total financial assets	42,744	**49,129**	70,000	**73,924**
Financial liabilities				
Borrowings	(247,954)	**(246,822)**	(17,873)	**(17,848)**
PFI and finance lease liabilities	(58,832)	**(62,669)**	(2,810)	**(2,746)**
Creditors and other payables	0	**0**	(30,335)	**(30,544)**
Total financial liabilities	(306,786)	**(309,491)**	(51,018)	**(51,138)**

18. Fair values of Assets and Liabilities

a) Financial Assets measured at Fair Value

Some of the Council’s financial assets are measured in the balance sheet at fair value on a recurring basis, these are disclosed within Note 19 to the accounts.

b) Transfers between levels of the Fair Value Hierarchy

The fair value hierarchy is defined within Note 50 - Accounting Policies, policy number 12 - Fair Value Measurement.

There were no transfers between input levels during the year.

c) Changes in Valuation Technique

There have been no changes in the valuation technique used during the year for the financial instruments.

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

2016/17	Unquoted Shares	Other	**Total**
	£000	£000	**£000**
Opening balance at 1 April	39,323	0	**39,323**
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 *	3,490	0	**3,490**
Additions	0	0	**0**
Disposals	0	0	**0**
Closing Balance at 31 March	**42,813**	**0**	**42,813**

2015/16	Unquoted Shares	Other	**Total**
	£000	£000	**£000**
Opening balance at 1 April	39,359	0	**39,359**
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	**39,323**	**0**	**39,323**

* Gains or (losses) included in Other Comprehensive Income and Expenditure relate to the unquoted shares in Birmingham Airport 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 19a and b which follow.

e) 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 19), 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 Public Works Loan Board (PWLB), 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, 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 are as follows:

	31 March 2016		**31 March 2017**	
	Carrying amount	Fair value	**Carrying amount**	**Fair value**
	£000	£000	**£000**	**£000**
Long term financial assets				
Loans and receivables - long term				
Money market loans (> 1 year)	2,000	2,000	**5,000**	**5,000**
Available-for-sale financial assets:				
- No active market: valuation	39,120	39,120	**42,610**	**42,610**
- No active market: equity instruments	203	203	**203**	**203**
sub-total available-for-sale financial assets	39,323	39,323	**42,813**	**42,813**
Other long term receivables				
Long term debtors	1,421	1,421	**1,316**	**1,316**
Sub-total long term financial assets	42,744	42,744	**49,129**	**49,129**
Short term financial assets				
Loans and receivables - short term				
Cash and cash equivalents	6,866	6,866	**14,523**	**14,523**
Money market loans (< 1 year)	34,081	34,081	**29,581**	**29,581**
Insurance liability fund	224	224	**45**	**45**
Sub-total loans and receivables - short term	41,171	41,171	**44,149**	**44,149**
Other short term receivables [1]				
Short term debtors [2]	25,020	25,020	**24,493**	**24,493**
Payments in advance	3,809	3,809	**5,282**	**5,282**
Sub-total short term receivables	28,829	28,829	**29,775**	**29,775**
Sub-total short term financial assets	70,000	70,000	**73,924**	**73,924**
Total financial assets	**112,744**	**112,744**	**123,053**	**123,053**

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

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

The fair values of the financial liabilities are as follows:

	31 March 2016 Carrying amount £000	31 March 2016 Fair value £000	**31 March 2017 Carrying amount £000**	**31 March 2017 Fair value £000**
Long term financial liabilities				
Financial liabilities at amortised cost				
Borrowing - PWLB [1]	(203,856)	(310,233)	**(203,539)**	**(352,329)**
Borrowing - Dudley MBC debt [2]	(7,976)	(9,659)	**(7,388)**	**(9,105)**
Borrowing - Walsall MBC debt	(659)	(798)	**(606)**	**(747)**
Borrowing - other long term loans [3]	(35,463)	(54,803)	**(35,289)**	**(60,989)**
Sub-total long term financial liabilities at amortised cost	(247,954)	(375,493)	**(246,822)**	**(423,170)**
Financial liabilities at fair value through profit and loss				
PFI liabilities and similar contracts	(55,176)	(106,110)	**(59,039)**	**(111,584)**
Finance lease liabilities	(3,656)	(3,656)	**(3,630)**	**(3,630)**
Sub-total long term financial liabilities at fair value through profit and loss	(58,832)	(109,766)	**(62,669)**	**(115,214)**
Sub-total long term financial liabilities	(306,786)	(485,259)	**(309,491)**	**(538,384)**
Short term financial liabilities				
Financial liabilities at amortised cost				
PWLB	(1,913)	(1,913)	**(1,924)**	**(1,924)**
Dudley MBC debt [2]	(534)	(534)	**(588)**	**(588)**
Walsall MBC debt	(47)	(47)	**(53)**	**(53)**
Other short term loans [3]	(169)	(169)	**(173)**	**(173)**
Sub-total short term financial liabilities at amortised cost	(2,663)	(2,663)	**(2,738)**	**(2,738)**
Financial liabilities at fair value through profit and loss				
Bank overdraft	(15,210)	(15,210)	**(15,110)**	**(15,110)**
PFI and finance lease liabilities	(2,810)	(2,810)	**(2,746)**	**(2,746)**
Short term creditors [4]	(24,824)	(24,824)	**(24,369)**	**(24,369)**
Receipts in advance [4]	(5,511)	(5,511)	**(6,175)**	**(6,175)**
sub-total short term financial liabilities at fair value through profit and loss	(48,355)	(48,355)	**(48,400)**	**(48,400)**
Sub-total short term financial liabilities	(51,018)	(51,018)	**(51,138)**	**(51,138)**
Total financial liabilities	**(357,804)**	**(536,277)**	**(360,629)**	**(589,522)**

[1] The fair value of the long term PWLB liabilities of £352.329m 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 Council 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 Council 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 £203.539m would be valued at £291.468m. But, if the Council was 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 £148.790m for the additional interest that will not now be paid. The exit price for the long term PWLB liabilities including the penalty charge would be £352.329m.

[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 market and 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 Code, and, therefore, will differ to the figures in the Balance Sheet.

19. Available-for-sale Financial Assets

19a. No active market (Valuation)

	Input Level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2016 £000	**31 March 2017 £000**
Birmingham Airport Holdings Ltd				
- Ordinary Shares *	Level 3	Earning based valuation	14,318	**18,101**
- Preference Shares			1,469	**1,176**
Coventry & Solihull Waste Disposal Company Ltd				
- Ordinary Shares *	Level 3	Earning based valuation	23,333	**23,333**
- Preference Shares			0	**0**
Total			39,120	**42,610**

* In line with the accounting policy on the valuation of assets, a full valuation is required for the Council's shareholding investment in Birmingham Airport Holdings Ltd and the Coventry and Solihull Waste Disposal Company Ltd every five years. An annual desktop valuation exercise is carried out in interim years. A full valuation of Birmingham Airport Holdings Ltd and an interim valuation of Coventry and Solihull Waste Disposal Company Ltd have been carried out in 2016/17 and are reflected in the 31 March 2017 figures.

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 £15.384m of BAH's 6.31% preference shares (Solihull Council owns £1.469m) which are cumulative and redeemable.

The full valuation undertaken in May 2017 resulted in an increase in the value of the Council's shareholding to £19.277m, 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 the Council received dividends of £1.146m (2015/16: £3.682m, including a one off dividend of £2.849m) and ground rent of £0.059m (2015/16: £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 councils. 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 2015/16 all of these preference shares were redeemed resulting in total capital receipts of £4.975m to the Council. Dividend income of £1.845m (2015/16: £0.495m) was receivable for 2016/17.

Solihull Council has 1/3 ownership of the ordinary shares of the company with Coventry City Council owning 2/3. 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

19b. No active market (Equity Instruments)

	Input Level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2016 £000	31 March 2017 £000
Blythe Valley Innovation Centre Ltd - Ordinary Shares	Level 3	Historic Cost	203	**203**

Blythe Valley Innovation Centre Ltd (BVIC)

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 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.

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 does differ from that of the Group Accounts which include the accounts of BVIC, however as a decision has been made by Full Cabinet that the Council will be bringing the Innovation Centre operations back within the direct ownership of the Council rather than as a separate legal entity then 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.

This change is due to take place during 2017/18 and will mean that in the 2017/18 Accounting Statement the assets of Blythe Valley will be included within the Council's single entity accounts and there will be no group account disclosures.

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

20. Nature and Extent of Risks Arising from Financial Instruments

20a. 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 need 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.

20b. 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 (TM Code) and investment guidance issued through the above Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the TM Code;
- 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 Annual 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 TM Code and are reviewed regularly.

20c. 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 2017, £14.304m of trade debtors (£12.797m 31 March 2016) were held on the Accounts Receivable system awaiting payment, these are analysed by age as shown in the table below:

	31 March 2016 £000	**31 March 2017 £000**
Less than three months	9,450	**11,300**
Three to six months	674	**461**
Six months to one year	1,011	**584**
More than one year	1,662	**1,959**
Total trade debtors	12,797	**14,304**

The Council has an impairment allowance in place of £1.856m to mitigate against this risk.

20d. Liquidity Risk

The Council manages its liquidity position through the risk management procedures detailed in Note 20b (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 TM Code. 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.

20e. 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 borrowing liabilities at original cost is as follows:

	31 March 2016 £000	**31 March 2017 £000**
Less than 1 year	306	**317**
Between 1 and 2 years	317	**329**
Between 2 and 5 years	1,024	**5,062**
Between 5 and 10 years	5,974	**6,047**
Between 10 and 20 years	13,209	**13,402**
Between 20 and 30 years	37,194	**38,471**
Between 30 and 40 years	78,571	**85,661**
Between 40 and 50 years	97,566	**89,566**
More than 50 years	5,000	**0**
Total	239,161	**238,855**

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.

20f. 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 2017, £25m was at variable interest rates and £214m 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 2016/17 (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	(698)
Impact on (Surplus)/ Deficit on Provision of Services in CI&ES	**(448)**
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	**0**
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)	65,000

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

These assumptions are based on the same methodology as used in Note 18 - Fair values of Assets and Liabilities.

20g. 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.

20h. Foreign Exchange Risk in relation to Icelandic Deposits

Following the June 2016 sale of the Council's outstanding investment in the Icelandic bank Glitnir (held in Icelandic Kroner), the Council has no financial assets or liabilities denominated in foreign currencies and, therefore, has no exposure to loss arising from movements in exchange rates.

20i. 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. Since 2008 the majority of these deposits have been recovered, leaving the carrying amount outstanding at 31st March 2016 as £0.020m.

In June 2016 the Council received £0.005m settlement in respect of the final balance held for the Glitnir investment. This left Kaupthing as the only institute with an outstanding balance.

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
Kaupthing Singer Friedlander Bank	02/04/08	31/03/09	1,000	6.40%	13
Total			1,000		13

21. Income, Expense, 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 2016/17 and 2015/16 are made up as follows :

	2016/17				
	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**
Total interest expense in the (Surplus)/ Deficit on the Provision of Services	16,439	0	0	0	**16,439**
Total investment interest and other investment income in the (Surplus)/ Deficit on the Provision of Services	0	(598)	(3,117)	0	**(3,715)**
(Surplus) or deficit arising on revaluation of financial assets in Other CI&ES	0	0	(3,490)	0	**(3,490)**
Net (gain)/loss for the year on Financial Instruments	**16,439**	**(598)**	**(6,607)**	**0**	**9,234**

	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**
Total interest expense in the (Surplus)/ Deficit on the Provision of Services	16,286	0	0	0	**16,286**
Total investment interest and other investment income in the (Surplus)/ Deficit on the Provision of 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**

22. Long Term Debtors (greater than one year)

31 March 2016			31 March 2017
£000		**£000**	**£000**
1	Mortgages		**0**
94	Transferred debt		**61**
2,110	Other entities and individuals	**2,039**	
(784)	Impairment allowance	**(784)**	
	Other entities and individuals (net of impairment allowance)		**1,255**
1,421	**Total**		**1,316**

23. Short Term Debtors (less than one year)

31 March 2016			31 March 2017
£000		**£000**	**£000**
5,005	Central government bodies		**8,000**
5,063	Other local authorities		**4,442**
2,531	NHS bodies		**4,801**
27,589	Other entities and individuals	**26,092**	
(9,090)	Impairment allowance	**(9,686)**	
	Other entities and individuals (net of impairment allowance)		**16,406**
31,098	**Total**		**33,649**

24. 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 2016			31 March 2017
£000		**£000**	**£000**
32	Cash floats held by the Council	**35**	
6,834	Cash Equivalents	**14,488**	
6,866	**Cash and cash equivalents**		**14,523**
(15,210)	Bank Overdraft		**(15,110)**
(8,344)	**Total**		**(587)**

25. Payments in Advance

31 March 2016 £000		**31 March 2017 £000**
13	Other local authorities	**213**
1,907	Coventry & Solihull Waste Disposal Company	**2,006**
1,889	Other entities and individuals	**3,063**
3,809	**Total**	**5,282**

26. Short Term Creditors (less than one year)

31 March 2016 £000		**31 March 2017 £000**
(5,990)	Central government bodies	**(10,318)**
(2,758)	Other local authorities	**(3,547)**
(1,440)	NHS bodies	**(838)**
(28)	Public corporations and trading funds	**(12)**
(27,651)	Other entities and individuals	**(27,337)**
(37,867)	**Total**	**(42,052)**

27. Provisions

	Business Rates Appeals £000	Insurance £000	Other Provisions £000	**Total £000**
Balance at 1 April 2016	(5,845)	(2,032)	(392)	**(8,269)**
Provisions made in 2016/17	(4,170)	(70)	(52)	**(4,292)**
Amounts used in 2016/17	3,441	1,048	165	**4,654**
Balance at 31 March 2017	**(6,574)**	**(1,054)**	**(279)**	**(7,907)**
Likely Year of Defrayment				
2017/18	(5,679)	(680)	(61)	**(6,420)**
Total Short Term	**(5,679)**	**(680)**	**(61)**	**(6,420)**
2018/19	(737)	(151)	(8)	**(896)**
2019/20	(158)	(125)	(9)	**(292)**
2020/21	0	(60)	(9)	**(69)**
2021/22	0	(38)	(9)	**(47)**
2022/23	0	0	(9)	**(9)**
2023/24 - 2042/43	0	0	(174)	**(174)**
Total Long Term	**(895)**	**(374)**	**(218)**	**(1,487)**
Total Defrayment	**(6,574)**	**(1,054)**	**(279)**	**(7,907)**

Further details of the main provisions are given below:

Business Rates Appeals

Since 1 April 2013, local authorities have assumed 49% of 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 a '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 a further payment made in April 2016 for £0.220m.

27. Provisions (continued)

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 commitments to the scheme administrator up to a total recovery value of 60% of all claims paid, including the 25% the Council is liable for claims currently being handled by the scheme administrator.

28. Receipts in Advance

31 March 2016 £000		31 March 2017 **£000**
(5,348)	Central government bodies	(7,676)
(162)	Other local authorities	(93)
(7)	NHS bodies	(235)
(2,621)	Council tax payers	(3,108)
(1,387)	Business rates payers	(2,612)
(4,117)	Other entities and individuals	(3,235)
(13,642)		**(16,959)**

29. Cash Flow Statement – Adjustments to the Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements

2015/16 £000		**2016/17 £000**
(31,200)	Depreciation and amortisation	**(30,585)**
(23,115)	Impairments and revaluations	**75,388**
(14,450)	Net movement in pension liability	**(13,172)**
(17,299)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	**(12,155)**
7,255	Increase/(decrease) in debtors from operating activities	**5,990**
(6,690)	(Increase) in creditors from operating activities	**(12,428)**
(1,466)	Other non-cash items charged to the (surplus)/ deficit on the provision of services	**165**
(86,965)		**13,203**

30. Cash Flow Statement – Adjustments for items included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities

2015/16 £000		**2016/17 £000**
6,396	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**10,013**
29,578	Capital grants credited to the (surplus)/ deficit on the provision of services	**23,686**
(9,592)	Any other items for which the cash effects are investing or financing	**(3,201)**
26,382		**30,498**

31. Cash Flow Statement – Operating Activities

The cash outflows for operating activities total £28.705m (2015/16: £32.714m). The Code requires separate disclosures to be made in respect of interest and dividends received and paid, these are shown in the table below:-

2015/16 £000		**2016/17 £000**
(564)	Interest received	**(602)**
16,179	Interest paid	**16,614**
(1,360)	Dividends received	**(5,941)**
14,255	**Included within cash flows from operating activities**	**10,071**

32. 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.

restated * 2015/16 £000		2016/17 £000
50,237	Purchase of property, plant and equipment, investment property and intangible assets	**51,119**
87,649	Purchase of short-term and long-term investments *	**61,598**
9,592	Other payments for investing activities	**3,201**
(6,396)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**(10,013)**
(32,093)	Capital grants received	**(25,297)**
(75,998)	Proceeds from short-term and long-term investments *	**(63,281)**
(72)	Other receipts from investing activities	**(67)**
32,919	**Net cash flows from investing activities**	**17,260**

* The 2015/16 figures for investments have been restated to expand the detail in relation to in-year investments to be shown gross rather than net, as previously.

33. Cash Flow Statement – Financing Activities

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

2015/16 £000		2016/17 £000
23	Other movements from financing activities	**(240)**
1,680	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	**2,979**
956	Repayments of short and long-term borrowing	**949**
2,659	**Net cash flows from financing activities**	**3,688**

34. Members' Allowances

The total of Members' allowances paid in the year was £0.614m (£0.543m in 2015/16). A new scheme of Members' allowances was agreed by Full Council on 6 December 2016 which recommended that new allowances were backdated to 17 May 2016, the date of the Annual Council Meeting.
The amounts paid are in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003.

35. Officers' Remuneration

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

Under section 38(1) of the Localism Act 2011, every Council 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 7 February 2017 and can be accessed via the following link:

http://eservices.solihull.gov.uk/mgInternet/documents/s45104/Pay%20Policy%20Statement.pdf

The notes that follow should be read in conjunction with the Pay Policy Statement if more information or context is required.

35a. 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]	**2016/17**	**143,798**	**31,060**	**11,768**	**0**	**186,626**
	2015/16	132,271	28,719	8,214	0	169,204
Director of Children's Services and Skills	**2016/17**	**118,527**	**25,602**	**0**	**0**	**144,129**
	2015/16	117,433	24,332	0	0	141,765
Director of Communities and Adult Social Care (outgoing) [2]	**2016/17**	**6,870**	**1,561**	**0**	**27,096**	**35,527**
	2015/16	106,614	22,090	0	0	128,704
Director of Adult Care and Support (incoming) [3]	**2016/17**	**58,300**	**12,593**	**0**	**0**	**70,893**
	2015/16	0	0	0	0	0
Director of Managed Growth and Communities	**2016/17**	**112,715**	**24,346**	**0**	**0**	**137,061**
	2015/16	109,433	22,675	0	0	132,108
Director of Public Health	**2016/17**	**132,330**	**18,923**	**0**	**0**	**151,253**
	2015/16	132,330	18,923	0	0	151,253
Director of Resources and Deputy Chief Executive	**2016/17**	**121,453**	**26,234**	**0**	**0**	**147,687**
	2015/16	112,106	23,228	0	0	135,334
Director of Governance [4]	**2016/17**	**0**	**0**	**0**	**0**	**0**
	2015/16	37,000	4,751	0	77,392	119,143
Director of Business Change [5]	**2016/17**	**0**	**0**	**0**	**0**	**0**
	2015/16	97,949	16,099	0	0	114,048

Note 35a (continued)

[1] In addition to the normal duties, the Chief Executive was Returning Officer at the Police and Crime Commissioner election in May 2016 and the European referendum in June 2016, for which he received payments included in the emoluments section above.

[2] The Director of Communities and Adult Social Care left the Council on the 24th April 2016.

[3] The new Director of Adult Care and Support started on the 20th September 2016.

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

[5] 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.

35b. Remuneration of officers receiving more than £50,000

The Council's employees (including teachers but excluding senior officers included within Note 35a) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

2016/17	Total number of employees in band			Employees receiving exit packages (included in total) *
Remuneration band	**TOTAL**	Voluntary Aided schools	Core Council and other schools	
£50,000 - £54,999	**74**	8	66	**2**
£55,000 - £59,999	**46**	4	42	**0**
£60,000 - £64,999	**32**	3	29	**1**
£65,000 - £69,999	**22**	3	19	**2**
£70,000 - £74,999	**14**	4	10	**1**
£75,000 - £79,999	**9**	0	9	**1**
£80,000 - £84,999	**7**	0	7	**0**
£85,000 - £89,999	**4**	1	3	**0**
£90,000 - £94,999	**0**	0	0	**0**
£95,000 - £99,999	**0**	0	0	**0**
£100,000 - £104,999	**0**	0	0	**0**
£105,000 - £109,999	**0**	0	0	**0**
£110,000 - £114,999	**0**	0	0	**0**
£115,000 - £119,999	**0**	0	0	**0**
£120,000 - £124,999	**0**	0	0	**0**
£125,000 - £129,999	**0**	0	0	**0**
£130,000 - £134,999	**0**	0	0	**0**
£135,000 - £139,999	**0**	0	0	**0**
Total	**208**	23	185	**7**

* None of the individuals in receipt of a termination package in 2016/17 were employees at Voluntary Aided schools.

Note 35b (continued)

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

35c. 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 (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	
	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16 £000	**2016/17 £000**
£0 - £20,000	36	**15**	67	**38**	103	**53**	543	**458**
£20,001 - £40,000	5	**6**	18	**14**	23	**20**	654	**581**
£40,001 - £80,000	5	**1**	12	**3**	17	**4**	999	**209**
£80,001 - £150,000	0	**0**	2	**0**	2	**0**	190	**0**
£150,001- £200,000	0	**0**	0	**0**	0	**0**	0	**0**
£200,001 - £350,000	0	**0**	2	**0**	2	**0**	548	**0**
Total	46	**22**	101	**55**	147	**77**	2,934	**1,248**

During 2016/17 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 Medium Term Financial Strategy (MTFS).

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

Adult Care and Support - Reablement Team

The Adult Care and Support Reablement Service had an MTFS savings target of £268,000 in 2016/17 and £153,000 in 2017/18, to be delivered through the wider Advancing Adult Social Care Programme. A review of the service found the cost of the Solihull MBC in-house service to be very high compared with other Councils' costs and the external provider market.

Following this, on 20th January 2016 Health & Wellbeing Cabinet Decision Session approved a new model to externalise part of the in-house Reablement Service and commission external providers to support people with non-complex Reablement needs, whilst retaining a much smaller in-house service to only support people with complex reablement needs. This resulted in a need to considerably reduce the size of the internal team.

Restructures/Re-shaping

The integration project being undertaken by the Managed Growth & Communities Directorate has reviewed service delivery of the Environmental Services and Neighbourhood & Regulatory Services teams. The total MTFS target to be achieved between 2017/18 and 2019/20 is £1.123m and as a result of this a number of posts will be removed from the establishment. The new teams have been implemented from 1st April 2017.

A number of reviews took place which removed posts from the establishment in the Resources Directorate to deliver £1.000m as part of a cross-cutting MTFS target for 2016/17 of £2.500m to be delivered from reviewing the staff structure across the Council.

Solihull Schools

2016/17 has seen a number of redundancies take place at schools within the Borough, the cost of which totalled £0.164m (2015/16: £0.283m).

36. External Audit Costs

The Council has incurred the following fees in relation to external audit and inspection:

	2015/16 £000	**2016/17 £000**
Fees payable to the auditors with regard to external audit services carried out by the appointed auditor for the year	134	**134**
Fees payable to the auditors for the certification of grant claims and returns for the year	14	**10**
Fees payable in respect of other services provided by the auditors during the year	10	**10**
Total	158	**154**

37. 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:

37a. 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 Councils 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 (b).

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:

	2015/16 £000	**2016/17** **£000**
Section 256 NHS transfer	(3,412)	**(4,170)**
Section 256 additional NHS transfer - Better Care Fund implementation	(758)	**0**
Protecting adult social care	(1,763)	**(763)**
Care Act - implementation of new duties	(537)	**(537)**
Carers' strategy	(350)	**(350)**
CCG Minimum Contribution - SMBC	0	**(139)**
sub-total Revenue grants [1]	(6,820)	**(5,959)**
Disabled Facilities Grants	(910)	**(1,696)**
Adult social care capital grant	(485)	**0**
sub-total Capital grants	(1,395)	**(1,696)**
Total	(8,215)	**(7,655)**

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

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:

	2015/16 £000	**2016/17** **£000**
Local Authority : Re-ablement Services	(1,126)	**(1,126)**
Local Delivery Resource Plan	(792)	**(792)**
Total	(1,918)	**(1,918)**

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:

	2015/16 £000	**2016/17 £000**
Integrated Community Teams	(800)	**(2,996)**
Contingency	0	**(1,000)**
Delayed Transfer of Care	0	**(505)**
Facilitated Discharge	(406)	**(400)**
Care Navigation	(100)	**(360)**
Support to Care Homes	(200)	**(334)**
Falls Prevention	(130)	**(286)**
Dementia Diagnosis	(31)	**(100)**
CCG Minimum Contribution - CCG	0	**(139)**
Heart of England NHS Foundation Trust (HEFT) Community: Single Point	(1,336)	**0**
HEFT Community: Intermediate Care Services	(656)	**0**
Admission Prevention	(500)	**0**
Ambulatory Care	(500)	**0**
HEFT Community: Community Out of Hospital Liaison Nursing	(322)	**0**
Total	(4,981)	**(6,120)**

Better Care Fund Total	(15,114)	**(15,693)**

37b. Other Pooled Budgets

	2015/16 £000	**2016/17 £000**
Funding		
Solihull Metropolitan Borough Council	(3,136)	**(3,176)**
Solihull CCG	(1,997)	**(2,153)**
Other Income	(659)	**(749)**
Total Funding	(5,792)	**(6,078)**
Spending		
Transforming Community Services [1]	5,267	**5,489**
Locally Determined Resources Plan [2]	525	**589**
Total Spending	5,792	**6,078**

[1] 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.

[2] 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.

37c. 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%

37d. Contributions to Voluntary Organisations

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

	2015/16 £000	**2016/17 £000**
Alzheimer's Society	96	**134**
Ashram	59	**59**
Independent Advocacy	53	**53**
Solihull Bereavement Counselling	16	**16**
Total	224	**262**

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.

<u>UK Government</u>

The UK 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 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 8 on grant income.

<u>Members</u>

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2016/17 is shown in Note 34. During 2016/17, there were income transactions of £0.059m and expenditure transactions of £1.642m with companies in which sixteen members had an interest. Contracts were entered into in full compliance with the Council's standing orders.

<u>Officers</u>

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

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 37 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 disclosure notes.

Levy payments of £0.084m to the Environment Agency and £9.330m to West Midlands Combined Authority (WMCA) were made in 2016/17. In addition, expenditure of £0.728m was paid to WMCA during 2016/17 and a prepayment of £0.213m was paid in advance and is included in the Council's prepayments. Income of £0.657m was due, all of which is outstanding at the 31 March 2017 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 £0.693m in 2016/17. 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 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 £2.108m. The Council also received dividends of £1.845m during 2016/17.

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 £3.200m was receivable from Solihull Community Housing Ltd (2015/16: £2.967m) and expenditure of £39.293m (2015/16: £35.557m) was payable to SCH during 2016/17. This includes management fees of £36.167m (£32.893m in 2015/16). At 31 March 2017, £0.008m net was owed to the Council by Solihull Community Housing (2015/16: £2.178m).

Blythe Valley Innovation Centre Ltd is a wholly owned subsidiary of the Council. Income of £0.020m was due during the year, all of which was outstanding at 31 March 2017 and is included in the Council's debtors. In addition, the Council has received dividends of £0.101m and has accounted for dividends receivable of £0.025m in 2016/17.

The Urban Growth Company, an arms length company to deliver projects within the UK Central programme, is a wholly owned subsidiary of the Council. During 2016/17, all transactions for UK Central were made through the Council's bank account and the income and expenditure was due to/ (from) the Urban Growth Company at the year end. As at 31 March 2017, the Council had a debtor and a creditor for these transactions, both for £0.918m. Net payments of £0.031m were made to the Urban Growth Company during 2016/17.

Other Entities in which the Council has an interest
The Council incurred expenditure of £0.049m to North Solihull Partnership during the year in relation to regeneration in the north of the borough, and supplied services to a value of £0.747m. An amount of £1.519m remains owed to the Council by North Solihull Partnership, which includes £0.784m mainly relating to previous years activity. This is included within Note 22 - Long Term Debtors. It has been agreed that this sum is not due for payment until a future date.

Payments of £1.756m were made to Rivendell Leisure Ltd in 2016/17 for the operation of two swimming pools and sports centres within the borough. Income of £0.005m was received during 2016/17.

Net income of £0.127m was received during 2016/17 from Birmingham International Airport Ltd, of which £0.049m was outstanding at 31 March 2017 and is included within the Council's debtors. In addition, a dividend of £1.146m was received.

39. 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 ringfenced and can only be applied to meet expenditure properly included in the Schools budget, as defined in the School Finance (England) Regulations 2014. 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 2016/17 and 2015/16 are as follows:

2016/17	Individual Schools Budget (ISB)	Central Expenditure	**Total**
	£000	£000	**£000**
Final DSG for 2016/17 before academy recoupment			**176,806**
Academy figure recouped for 2016/17			**(73,470)**
In-year adjustments - Early Years funding			**910**
Total DSG after Academy recoupment for 2016/17	77,833	26,413	**104,246**
Brought forward from 2015/16	0	1,803	**1,803**
Final budgeted distribution for 2016/17	**77,833**	**28,216**	**106,049**
Actual central expenditure		26,670	**26,670**
Actual ISB deployed to schools	77,833	0	**77,833**
Carry forward to 2017/18	**0**	**1,546**	**1,546**

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 8 by £0.206m, this is due to the income received in 2015/16 relating to the 'in-year adjustments' recognised in 2014/15. This has been presented in line with Department of Education guidance.

40. Capital Expenditure and Capital Financing

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

	2015/16		**2016/17**	
	£000	£000	**£000**	**£000**
Opening Capital Financing Requirement		398,852		**397,501**
Capital Investment				
Property, Plant & Equipment	45,692		**45,580**	
Investment Property	66		**0**	
Intangible assets	237		**141**	
Revenue expenditure classified as capital	7,616		**3,201**	
Total Capital Investment		53,611		**48,922**
Sources of Finance				
Capital receipts	(4,114)		**(76)**	
Government grants and other contributions	(28,435)		**(21,684)**	
Sums set aside from revenue	(22,413)		**(18,496)**	
		(54,962)		**(40,256)**
Closing Capital Financing Requirement		397,501		**406,167**
Explanation of Movements in Year				
Decrease in underlying need to borrow (supported by government financial assistance)		(2,387)		**(2,410)**
Increase in underlying need to borrow (not supported by government financial assistance)		3,824		**7,345**
Reductions in assets under PFI/PPP contracts		(1,662)		**(1,713)**
Assets acquired under finance leases		(1,126)		**5,444**
Increase/ (Decrease) in Capital Financing Requirement		(1,351)		**8,666**

41. 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 2016 £000	**31 March 2017 £000**
Property, Plant and Equipment		
Land and Buildings	8,438	**8,776**
Vehicles, Plant and Equipment	6	**3**
Investment Property	1,360	**1,360**
	9,804	**10,139**

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 2016	**31 March 2017**	31 March 2016	**31 March 2017**
	Cash Amount		Net Present Value	
	£000	**£000**	£000	**£000**
Finance lease liabilities:				
• current	24	**25**	24	**25**
• non-current	3,656	**3,630**	852	**875**
Finance costs payable in future years	6,094	**5,898**	2,814	**2,768**
Total future minimum lease payments	9,774	**9,553**	3,690	**3,668**

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

	31 March 2016		**31 March 2017**	
	Minimum Lease Payments	Finance Lease Liabilities	**Minimum Lease Payments**	**Finance Lease Liabilities**
	£000	£000	**£000**	**£000**
Not later than one year	221	24	**220**	**25**
Later than one year and not later than five years	873	100	**869**	**101**
Later than five years	8,680	3,556	**8,464**	**3,529**
	9,774	3,680	**9,553**	**3,655**

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

	31 March 2016		**31 March 2017**	
	Minimum Lease Payments	Finance Lease Liabilities	**Minimum Lease Payments**	**Finance Lease Liabilities**
	£000	£000	**£000**	**£000**
Not later than one year	221	24	**220**	**25**
Later than one year and not later than five years	761	87	**758**	**88**
Later than five years	2,708	765	**2,690**	**787**
	3,690	876	**3,668**	**900**

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 I.T. equipment.

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

	31 March 2016	**31 March 2017**
	£000	**£000**
Not later than one year	801	**881**
Later than one year and not later than five years	1,357	**1,397**
Later than five years	991	**925**
	3,149	**3,203**

The minimum lease payment expenditure charged to the CI&ES during the year in relation to these leases was £0.968m (2015/16: £0.954m).

b. Council as Lessor

Finance Leases

The Council has leased out the following property on finance leases up to 2016/17:-

	Remaining lease term
Damson Wood Nursery & Infant School	125 years
Streetsbrook Infant & Nursery School	125 years
Lyndon Academy	124 years
Northern House (Solihull) School	123 years
Smith's Wood Community Primary School	123 years
Marston Green Infant School	122 years
Balsall Common Primary	121 years
Hockley Heath Primary	121 years
Heart of England Academy	120 years
Alderbrook Academy	120 years
Langley Academy	120 years
Light Hall Academy	120 years
Lode Heath Academy	120 years
Hall Meadow Land	119 years
Arden Academy	119 years
Tudor Grange Academy	119 years
Park Hall Academy	118 years

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 2016 £000	**31 March 2017 £000**
Not later than one year	1,840	**1,841**
Later than one year and not later than five years	5,282	**5,484**
Later than five years	51,470	**52,990**
	58,592	**60,315**

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 2016/17 contingent rents of £3.042m were receivable by the Council (£2.967m in 2015/16).

42. 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.

a. Building Schools for the Future (BSF) PFI

In 2016/17 the Council made contractual payments of £8.441m (2015/16: £8.411m) 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 2016/17.

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	2017/18	1,416	4,294	2,927	**8,637**
Within 2 - 5 years	2018/19 - 2021/22	6,972	15,973	12,419	**35,364**
Within 6 - 10 years	2022/23 - 2026/27	11,522	15,827	18,851	**46,200**
Within 11 - 15 years	2027/28 - 2031/32	16,104	9,117	23,466	**48,687**
Within 16 - 19 years	2032/33 - 2035/36	14,297	1,280	18,124	**33,701**
Total		50,311	46,491	75,787	**172,589**

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

	31 March 2015	Net Payments during the year	31 March 2016	Net Payments during the year	**31 March 2017**
	£000	£000	£000	£000	**£000**
Northern House School	6,886	(164)	6,722	(182)	**6,540**
Park Hall School	22,779	(542)	22,237	(603)	**21,634**
Smith's Wood School	23,308	(555)	22,753	(616)	**22,137**
Total	52,973	(1,261)	51,712	(1,401)	**50,311**

b. Similar contract: Leisure Public-Private Partnership (PPP) Contract

In 2016/17 the Council made contractual payments of £1.137m (2015/16: £1.138m) 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 2016/17.

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

		Repayment of liability	Interest	Service Charge	**Total**	Deferred Income Liability
		£000	£000	£000	**£000**	£000
Payments due to be made:						
Within 1 year	2017/18	(37)	99	1,095	**1,157**	128
Within 2-5 years	2018/19-2021/22	(68)	442	4,550	**4,924**	513
Within 6-10 years	2022/23-2026/27	(518)	569	6,828	**6,879**	641
Within 11-15 years	2027/28-2031/32	623	1,786	5,375	**7,784**	641
Within 16-21 years	2032/33-2037/38	807	1,826	8,033	**10,666**	768
Total		807	4,722	25,881	**31,410**	2,691

The liability outstanding for capital expenditure is as follows:

	31 March 2015	Net Payments during the year	31 March 2016	Net Payments during the year	**31 March 2017**
	£000	£000	£000	£000	**£000**
Leisure	4,210	(401)	3,809	(311)	**3,498**
Total	4,210	(401)	3,809	(311)	**3,498**

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 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 liability arising from the use of non-current assets 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 £2.691m.

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 2016/17 the utilities for this contract totalled £0.606m (2015/16: £0.624m).

c. 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 2016/17 the Council made contractual payments of £9.608m (2015/16: £9.902m) 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.

		Repayment of liability £000	Interest £000	Service Charge £000	**Total £000**
Payments due to be made:					
Within 1 year	2017/18	1,214	1,878	6,512	**9,604**
Within 2 - 5 years	2018/19 - 2021/22	4,106	5,356	31,594	**41,056**
Within 6 - 7 years	2022/23 - 2023/24	2,631	944	18,903	**22,478**
Total		7,951	8,178	57,009	**73,138**

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 £7m was undertaken. The value of these new vehicles will increase the liability and interest element of these payments over the period to 2023/24 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 for capital expenditure is as follows:

	31 March 2015	Net Payments during the year	31 March 2016	Payments during the year	Capital Additions/ Disposals in Year	**31 March 2017**
	£000	£000	£000	£000	£000	**£000**
Vehicles and Plant	2,660	(219)	2,441	(1,242)	6,752	**7,951**
Total	2,660	(219)	2,441	(1,242)	6,752	**7,951**

43. Impairment Losses

Detail of 2016/17 Impairments:	Other Land & Buildings	**Total**
	£000	**£000**
Impairment losses recognised as a (surplus)/ deficit on the provision of services, during the period in which those impairment losses are included	480	**480**
Impairment losses on revalued assets recognised in Other CI&ES and taken to the Revaluation Reserve during the period	491	**491**
Total	971	**971**

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

44. Pension Schemes accounted for as Defined Contribution Schemes

The Council currently participates in three post-employment defined benefit pension schemes, two of which are treated for the purposes of the Accounting Statement as defined contribution schemes:

The Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a defined benefit multi-employer pension scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by councils. Valuations of the notional fund are undertaken every four years.

The scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of the Accounting Statement, it is therefore accounted for on the same basis as a defined contribution scheme.

As a proportion of the total contributions into the Teachers' Pension Scheme, the Council's own contributions equate to approximately 0.17%.

In 2016/17 the Council paid £6.558m (2015/16: £6.279m) to Teachers' Pensions in respect of teachers' pension costs, which represents 16.48% of teachers' pensionable pay for the full period (2015/16: 14.1% for the period 1st April to 31st August 2015 and 16.48% for the period 1st September 2015 to 31st March 2016). There were no contributions remaining payable at the year-end. The contributions due to be paid in 2017/18 are estimated to be £6.851m.

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. As a proportion of the total contributions into the NHS Pension Scheme, the Council's own contributions equate to approximately 0.10%.

In 2016/17 the Council paid £0.472m (2015/16: £0.502m) to the NHS Pension Scheme in respect of NHS pension costs and this represents 14.3% (2015/16: 14.3%) of the pensionable pay of the staff in the scheme. There were no contributions remaining payable at the year-end. The contributions due to be paid in 2017/18 are estimated to be £0.425m.

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

In addition to the Teachers' Pension Scheme, the Council makes pension payments for teachers relating to added years it has awarded, together with related increases. These discretionary payments form a separate, unfunded scheme and in 2016/17 these payments amounted to £1.027m (2015/16: £1.060m).

45. Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

<u>The Local Government Pension Scheme</u>

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 scheme is administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

In addition, the Council makes pension payments for staff (including teachers) relating to added years it has awarded, together with related increases. The discretionary payments for staff (excluding teachers) are included within the Staff figures in the following tables. The discretionary payments for teachers form a separate, unfunded scheme shown separately in the following tables.

The Council has not made any discretionary post retirement benefit awards during 2015/16 or 2016/17.

<u>Risks Associated with the scheme</u>

In general, participating in a defined benefit pension scheme means that the employer is exposed to a number of risks:

- Investment risk. The fund holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the fund. There are also other demographic risks.

Transactions relating to post-employment benefits

The Council recognises 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 that is required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund in the MIRS. The transactions detailed below have been made in the CI&ES and the General Fund Balance via the MIRS during the year:

Comprehensive Income and Expenditure Statement	2015/16 £000	**2016/17 £000**
Cost of Services:		
Service cost comprising:		
• current service cost	18,897	**17,230**
• past service costs	954	**145**
• (Gain)/loss from settlements	(1,587)	**(1,106)**
• Administration costs	205	**242**
Financing and Investment Income and Expenditure:		
• Net interest on the net defined benefit liability	7,836	**8,058**
sub-total post-employment benefit charged to the (Surplus)/ Deficit on the Provision of Services	26,305	**24,569**
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 on net defined benefit liability)	16,794	**(83,775)**
• Experience (gains)/losses	0	**(29,255)**
• Other actuarial (gains)/losses	0	**(18,824)**
• Actuarial (gains)/losses arising on changes in demographic assumptions	0	**(18,322)**
• Actuarial (gains)/losses arising on changes in financial assumptions	(49,204)	**214,518**
sub-total post-employment benefit charged to Other Comprehensive Income and Expenditure	(32,410)	**64,342**
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	(6,105)	**88,911**

Movement in Reserves Statement		
Reversal of net charges made to the (Surplus)/ Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(26,305)	**(24,569)**
Actual amount charged against the General Fund Balance for pensions in the year:		
• Employer's contributions payable to scheme	11,855	**11,397**
Total Post-employment Benefit charged to the Movement in Reserves Statement	(14,450)	**(13,172)**

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Summary of net liability from defined benefit obligation	Teachers 2015/16 £000	Staff 2015/16 £000	**Teachers 2016/17 £000**	**Staff 2016/17 £000**
Present value of the defined benefit obligation	(14,505)	(689,884)	**(14,133)**	**(879,950)**
Fair value of plan assets	0	470,729	**0**	**582,909**
Net liability arising from defined benefit obligation	(14,505)	(219,155)	**(14,133)**	**(297,041)**
	Total	(233,660)	**Total**	**(311,174)**

Reconciliation of the present value of the scheme liabilities	Teachers 2015/16 £000	Staff 2015/16 £000	**Teachers 2016/17 £000**	**Staff 2016/17 £000**
Opening balance at 1 April	(14,577)	(715,120)	**(14,505)**	**(689,884)**
Current service cost	0	(18,897)	**0**	**(17,230)**
Interest expense	(436)	(22,608)	**(378)**	**(24,501)**
Contributions from employees into the scheme	0	(4,887)	**0**	**(4,791)**
Remeasurement gains/(losses):				
Experience gains/(losses)	0	0	**0**	**29,255**
Changes in demographic assumptions	0	0	**913**	**17,409**
Changes in financial assumptions	(552)	49,756	**(1,190)**	**(213,328)**
Past service costs	0	(954)	**0**	**(145)**
Benefits paid	1,060	20,419	**1,027**	**22,118**
Curtailments	0	0	**0**	**0**
Settlements	0	2,407	**0**	**1147**
Closing value at 31 March	(14,505)	(689,884)	**(14,133)**	**(879,950)**

Reconciliation of the movements in the fair value of the scheme assets	Teachers 2015/16 £000	Staff 2015/16 £000	**Teachers 2016/17 £000**	**Staff 2016/17 £000**
Opening value of scheme assets at 1 April	0	478,077	**0**	**470,729**
Interest Income	0	15,208	**0**	**16,821**
Remeasurement gain/(loss)	0	(16,794)	**0**	**83,775**
Administration expenses	0	(205)	**0**	**(242)**
Contributions from employer	1,060	10,795	**1,027**	**10,370**
Other actuarial gains/(losses)	0	0	**0**	**18,824**
Contributions from employees into the scheme	0	4,887	**0**	**4,791**
Benefits paid	(1,060)	(20,419)	**(1,027)**	**(22,118)**
Settlements	0	(820)	**0**	**(41)**
Closing value of scheme assets at 31 March	0	470,729	**0**	**582,909**

The curtailments cost includes only those which affect the Employer’s LGPS pension liabilities at the point of exit, with interest applied to the accounting date accounted for separately.

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 surplus of £100.596m. (2015/16: deficit of £1.586m).

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	
	2015/16	**2016/17**	2015/16	**2016/17**
	%	**%**	£000	**£000**
Equity instruments	60.5	**64.4**	284,897	**375,453**
Government Bonds	7.8	**8.1**	36,680	**47,312**
Other Bonds	4.7	**4.1**	21,920	**24,153**
Property	8.2	**7.7**	38,819	**44,904**
Cash/ liquidity	4.6	**2.9**	21,501	**16,637**
Other assets	14.2	**12.8**	66,912	**74,450**
Average Return / Total Assets	100.0	**100.0**	470,729	**582,909**

Basis for estimating assets and liabilities

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

	Teachers at 31 March 2016	Staff at 31 March 2016	**Teachers at 31 March 2017**	**Staff at 31 March 2017**
Life expectancy assumptions from age 65:				
Retiring today:				
Men	23.0 years		**21.8 Years**	
Women	25.7 years		**24.2 Years**	
Retiring in 20 years:				
Men	n/a	25.3 years	**23.9 years**	
Women	n/a	28.0 years	**26.5 years**	
Financial assumptions:				
Discount rate	3.60%	3.60%	**2.00%**	**2.70%**
Pension increases	2.00%	2.00%	**2.20%**	**2.70%**
Salary increases	n/a	3.75%	**n/a**	**4.20%**

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes, while all the other assumptions remain constant.

The assumptions in life expectancy, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The long term salary increase valuation has changed from 1% for 4 years to the 0.1% in the table below to fall in line with the other assumption percentage changes.

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 %
Life expectancy assumptions (increase by 1 year)	33,340	3.8	10.7
Pension increase and deferred revaluations (increase by 0.1%)	13,832	1.6	4.4
Long term salary increase (increase by 0.1%)	(2,238)	(0.3)	(0.7)
Discount rate (increase by 0.1%)	(15,803)	(1.8)	(5.1)

Impact on the Council's Cashflows

Contributions are set every three years as a result of the actuarial valuation of the West Midlands Pension Fund required by the Regulations. The 2016 revaluation sets contributions for the period 1 April 2017 to 31 March 2020 and has resulted in an upfront payment being agreed to cover this period. This will result in a saving in pension payments of £3.900m to the Council. The Council will therefore be paying contributions of £49.600m in 2017/18; £15.600m of this is for 2017/18 contributions which represents 14.7% of pensionable pay plus £5.0m. The remaining £34.000m will be a payment in advance relating to 2018/19 and 2019/20.

The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The weighted average duration of the defined benefit obligation for scheme members is 18 years, 2016/17 (18 years, 2015/16).

In 2017/18 it is expected that the Council will pay contributions of approximately £1.004m for the teachers added years scheme.

46. 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.

47. Contingent Liabilities

The following items have not been accrued for within the accounts for 2016/17 because the amount of potential liability cannot be accurately determined:

47a. 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.

47b. Business Rate Appeals

The provision for business rates appeals (see Note 27) represents an amount expected to be required to fund successful appeals that have been lodged with the Valuation Office Agency (VOA) as at 31st March 2017. The VOA have notified us there is a possibility that the 1st April 2017 ratings list, on which our provision is based, may not include all appeals lodged by 31st March 2017 . We are unable to estimate the amount of these appeals reliably and, as a result, no provision has been made in the accounts for these.

47c. HRA Water Rates

Solihull Community Housing receives an annual commission from Severn Trent Water Ltd to act as agent in collecting water rates from housing tenants. A test case with a London borough deemed that in their case the Council was a supplier of water, not a collecting agent. If this outcome was applied in our relationship with Severn Trent, we could be liable to repay the annual commission backdated over a number of years.

Legal advice suggests our relationship with our water supplier is one of agent and not resale. Therefore, the risk of being liable for a repayment is considered low.

48. Events after the Balance Sheet Date

Academy Schools

Smith's Wood Sports College converted to Academy status on 1 April 2017 and as a result, the school building will transfer to the Academy at no cost. This transfer of the school building will result in a loss on disposal in the CI&ES in 2017/18 of £48.231m. The associated land will be revalued resulting in a reduction in asset values of £2.195m in 2017/18.

	Transfer Date	Buildings £000	Land £000	Total £000
Smith's Wood Sports College	01-Apr-17	48,231	2,195	**50,426**

Pension Payment

The council has made an upfront payment of the full pension contributions of £49.600m in April 2017 (the last upfront payment just related to the past service cost) as detailed in note 45 (Impact on the Council's Cashflows). £15.600m of this is for 2017/18 and the remaining £34.000m will be a payment in advance on the Balance Sheet, which will be offset by a reduction in cash and cash equivalents and investments.

Leisure PPP contract

In July 2017, Solihull Council served notice to terminate its PPP contract with Rivendell Leisure Ltd to deliver its leisure services. The Council has started a retender process, with the aim of selecting an operator by the end of March 2018 to take on a new management contract for Tudor Grange and North Solihull leisure centres from June 2018.

Disclosure of an estimate of the financial effect in the accounts may affect negotiations as part of the retender process, therefore, no estimate has been disclosed.

49. 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. The changes introduced by the 2017/18 CIPFA Code of Practice include:

a) an amendment to the reporting of pension fund scheme transaction costs which will require us to disclose the total amount of transaction costs of all major asset classes, including an explanation to enable users to understand the nature of the transaction costs and how they arise for different types of investment.

b) an amendment to the reporting of investment concentration, requiring the disclosure of details of any single investment exceeding 5% of the net assets available for benefits.

Code of Practice on Highways Network Asset (HNA)
The CIPFA Code of Practice included guidance on the inclusion of the HNA as a separate class of Property, Plant and Equipment measured at depreciated replacement cost. In March 2017 the CIPFA/LASAAC Code Board decided not to proceed with the introduction of the HNA code into the financial reporting requirements for councils. As it was concluded the benefits were outweighed by the costs of implementation by councils.

Other changes
Other changes adopted in the 2017/18 Code are not expected to require additional disclosure in the 2016/17 or 2017/18 financial statements. Some changes to the Code relate to changes in circumstances. Other changes clarify the requirements of the Code or provide additional guidance, but do not change the requirements of the Code.

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 Accounting Statement summarises the Council's transactions for the financial year 2016/17 and its position at the year end of 31 March 2017. The Council is required to prepare an annual Accounting Statement 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 2016/17 and the Service Reporting Code of Practice 2016/17, 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 Disclosure Notes to the Accounts.

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.

There is a de minimis level in place for all accruals of income and expenditure. This level is reviewed annually and is currently set at £2,000. Accruals are not required to be made for individual transactions under this value, with the exception of the following:

• Any grant where applying the de minimis level would affect the claim;
• Accruals which are calculated using system automated reports;
• For a group of similar transactions where there would be a material impact upon the management or financial accounts of not processing the accrual, for example trading services.

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. 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.

5. Carbon Reduction Commitment
The authority is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the third 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 2016/17 '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 2017. 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.

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).

The Council's Minimum Revenue Provision (MRP) policy ensures a prudent charge is made to the MIRS for the Council's Capital Financing Requirement (CFR). For pre 2008 CFR the MRP charge will be on a 2% straight line basis, with post 2008 CFR being charged using an asset life method, ensuring that charges made are in line with the life of the asset for which the capital expenditure supported.

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. Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy, with the exception of amounts applied to meet administrative expenses in accordance with the CIL Regulations ,will be used to fund a number of infrastructure projects to support the development of the area (these include transport, schools and digital infrastructure). Where some or all of a chargeable development takes place in a parished area, 15% of the income is passed to the relevant parish/town council – the Council acts as an agent for these amounts.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for Government Grants and Contributions.

9. Employee Benefits

Benefits Payable during Employment:

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.

Termination Benefits:

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 Cost of Services 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 Cost of Services 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 or credited to Other Comprehensive Income and Expenditure in the CI&ES;
- 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. 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 Accounting Statement 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.

12. Fair Value Measurement

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 2016/17.

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

13. 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 Act. 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 MIRS.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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 non-current 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.

22. Overheads

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

23. Property Plant & Equipment

All expenditure on the acquisition, construction or improvement of tangible non-current 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**
<u>HRA</u>		
- 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
<u>Education</u>		
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

continues overleaf

Service Area	Operational / Non Operational	Basis of Valuation
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.

<u>Depreciation</u>

Depreciation is provided for on all non-current 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 normally apply following acquisition or construction and depreciation rates have been calculated based on remaining life:

- Council Dwellings – 25 - 70 years
- Other Land and Buildings – 25 - 99 years
- Vehicles, Plant, Furniture & Equipment – 3 - 20 years
- Infrastructure Assets – 40 years

<u>Asset Life – Remaining Life</u>

Whilst an attempt is made to correctly identify each individual asset's useful life, there are some generalisations. For example, new 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 99 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 typically 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.

<u>Residual Values – Depreciation</u>

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.

<u>Impairments</u>

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.

<u>Component Accounting</u>

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 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 2016/17;
(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.

24. 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.

25. 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.

26. 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.

27. 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.

28. 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.

29. 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.

30. Trading Operations
Trading accounts are produced for service areas where the trading 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 trading 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.

31. 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.

Housing Revenue Account

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

HRA Income and Expenditure Statement

31 March 2016 £000		31 March 2017 £000	£000
	Expenditure		
9,389	Repairs and maintenance	**8,996**	
11,956	Supervision and management	**12,751**	
996	Rents, rates, taxes and other charges	**910**	
9,956	Depreciation and amortisation	**10,736**	
0	Revaluation (gain) /losses of non-current assets [1]	**(81,256)**	
54	Debt management costs	**61**	
257	Movement in the impairment allowance for bad debts	**543**	
32,608	**Total Expenditure**		**(47,259)**
	Income		
(42,076)	Dwelling rents	**(41,703)**	
(1,110)	Non-dwelling rents	**(1,110)**	
(2,349)	Charges for services and facilities	**(1,995)**	
(44)	Contributions towards expenditure	**(133)**	
(45,579)	**Total Income**		**(44,941)**
(12,971)	**Net income from HRA services as included in the CI&ES**		**(92,200)**
79	HRA services' share of corporate and democratic core		**82**
(12,892)	**Net income for HRA services**		**(92,118)**
	HRA share of the operating income and expenditure included in the CI&ES:		
(1,771)	Gain on sale of HRA non-current assets		**(1,206)**
7,393	Interest payable and similar charges		**7,358**
(88)	Interest and Investment Income		**(103)**
(127)	Changes in fair value of investment property		**(37)**
(306)	Capital grants and contributions receivable		**(2,068)**
(7,791)	**Surplus for the year on HRA services**		**(88,174)**

[1] Revaluation (gains)/ losses of non-current assets includes the revaluation gain for the increase in the valiue of dwellings. Further details are given in Note H2 - Balance Sheet Value, Note H7: Impairments and Revluations and Note 5 - Material Items of Income and Expenditure.

For the final Movement in Reserves position see the MIRS and Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations.

Disclosure Notes to the Housing Revenue Account

H1. Housing Stock

On 31 March 2017 the Council held 9,937 dwellings. There was a net decrease of 59 dwellings during the year (1 acquisition, plus 16 new builds less 76 sales), compared to a decrease of 81 dwellings in 2015/16.

	31 March 2016	**31 March 2017**
Houses	3,289	**3,257**
Flats	4,874	**4,849**
Bungalows	1,762	**1,762**
Maisonettes	71	**69**
	9,996	**9,937**

H2. Balance Sheet Value

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

	31 March 2016	**31 March 2017**
	£000	**£000**
Dwellings *	299,514	**380,898**
Garages	19,765	**20,043**
Other Land and Buildings	2,041	**2,378**
Vehicles, Plant and Equipment	1,040	**1,327**
Assets Under Construction	566	**3,285**
Investment Property	1,429	**1,465**
Intangible Assets	343	**252**
	324,698	**409,648**

* The increase in the value of dwellings is as a result of the year on year increase in the vacant possession fair value for HRA stock combined with an increase in the existing use value from 34% to 40%.

H3. Vacant Possession Value of Dwellings

As at 1 April 2016 the vacant possession value of dwellings within the Council's HRA was £872.555m, valued in accordance with the Guidance on Stock Valuation for Resource Accounting. The difference between this figure and the £380.898m valuation included within the Balance Sheet shows the economic and social cost to the Government of providing council housing at less than market rents.

H4. Capital Financing

	31 March 2016	**31 March 2017**
	£000	**£000**
Expenditure on Capital during the year		
Council Dwellings	12,082	**12,067**
Other Land and Buildings	0	**(2)**
Vehicles, Plant and Equipment	799	**542**
Intangible Assets	204	**47**
Assets Under Construction	75	**3,136**
Total	13,160	**15,790**
Funded by:		
Usable Capital Receipts	30	**55**
Capital Grants and Contributions	306	**2,068**
Revenue and Reserve Contributions	821	**3,225**
Major Repairs Reserve	12,003	**10,442**
Total	13,160	**15,790**

H5. Capital Receipts

Gross capital receipts of £3.778m were generated from the sale of land and houses during 2016/17. The position is summarised as follows;

Capital Receipts	31 March 2016	**31 March 2017**
	£000	**£000**
Sale of Council Dwellings	(4,377)	**(3,778)**
Sale of Land	0	**0**
Discounts repaid	(9)	**0**
	(4,386)	**(3,778)**
Less:		
Pooling contributions	1,564	**1,420**
Administration Costs	108	**99**
Total	(2,714)	**(2,259)**

H6. HRA Depreciation

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

	31 March 2016	**31 March 2017**
	£000	**£000**
Dwellings	7,650	**8,095**
Garages	1,988	**2,196**
Other Land and Buildings	50	**52**
Vehicles, Plant and Equipment	103	**255**
Intangible Assets (amortisation)	165	**138**
Total depreciation and amortisation	9,956	**10,736**

H7. Impairments and Revaluations

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 2016/17 (2015/16: £0m). The value of Council dwellings significantly increased in 2016/17, £81.583m of the upward revaluation is recognised in the CI&ES. The current valuation of other HRA Land & Buildings was undertaken on a split between land and buildings where previously the valuation was attributed all to the buildings element. This resulted in an increase in the value of land and a decrease in the building value of which £0.327m has been charged to CI&ES, although there has been no overall material change to the value of the individual assets.

H8. 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 2016	1,934	3.93
At 31 March 2017	**1,606**	**3.27**

H9. 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 2016	1,045	2.12
At 31 March 2017	**1,100**	**2.24**

H10. 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 H8) and other HRA arrears (as per Note H9) 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:

	31 March 2016	**31 March 2017**
	£000	**£000**
Balance at 1 April	(2,187)	**(2,282)**
Arrears reinstated	(7)	**(30)**
Contribution to impairment allowance	(257)	**(543)**
Net write offs	169	**821**
Balance at 31 March	(2,282)	**(2,034)**

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 Councils and the Government of council tax and business rates.

Collection Fund Income and Expenditure Statement

2015/16 Council Tax	2015/16 Business Rates	2015/16 Total Collection Fund		**2016/17 Council Tax**	**2016/17 Business Rates**	**2016/17 Total Collection Fund**
£000	£000	£000		**£000**	**£000**	**£000**
			Amounts required by statute to be credited to the Collection Fund			
(99,393)	(121,730)	(221,123)	Income receivable (net of exemptions and reliefs)	(104,129)	(116,102)	**(220,231)**
0	154	154	Transitional protection payments	0	1,953	**1,953**
			Contributions towards previous year's estimated Collection Fund deficit			
0	(2,394)	(2,394)	Solihull MBC	0	(3,098)	**(3,098)**
0	(2,443)	(2,443)	Central Government	0	(3,161)	**(3,161)**
0	(49)	(49)	West Midlands Fire & Rescue Authority	0	(63)	**(63)**
(99,393)	(126,462)	(225,855)	**Total amounts required by statute to be credited**	**(104,129)**	**(120,471)**	**(224,600)**
			Amounts required by statute to be debited to the Collection Fund			
			Precepts, demands and shares			
86,262	57,625	143,887	Solihull MBC	89,982	58,904	**148,886**
7,726	0	7,726	West Midlands Police & Crime Commissioner	8,194	0	**8,194**
3,983	1,176	5,159	West Midlands Fire & Rescue Authority	4,116	1,202	**5,318**
0	58,801	58,801	Central Government	0	60,106	**60,106**
			Charges to Collection Fund			
253	514	767	Increase in allowance for impairment of debts	606	609	**1,215**
0	3,323	3,323	Increase in allowance for impairment of business rate appeals	0	1,488	**1,488**
0	248	248	Charge for allowable collection costs for business rates	0	252	**252**
			Contributions towards previous year's estimated Collection Fund surplus			
1,907	0	1,907	Solihull MBC	811	0	**811**
87	0	87	West Midlands Fire & Rescue Authority	38	0	**38**
170	0	170	West Midlands Police & Crime Commissioner	74	0	**74**
100,388	121,687	222,075	**Total amounts required by statute to be debited**	**103,821**	**122,561**	**226,382**
995	(4,775)	(3,780)	**Movement on the fund balance**	**(308)**	**2,090**	**1,782**
(2,278)	11,003	8,725	Opening balance at 1 April	(1,283)	6,228	**4,945**
(1,283)	6,228	4,945	**Closing balance at 31 March** [1]	**(1,591)**	**8,318**	**6,727**

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

Disclosure 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 2016/17:

Band	Number of dwellings on Valuation List 2016/17	Dwellings for council tax purposes 2016/17	Multiplier	Dwellings as Band D equivalents 2016/17	Dwellings as Band D equivalents 2015/16
A	14,018	7,244	6/9	4,830	4,666
B	11,813	7,742	7/9	6,022	5,924
C	21,928	17,401	8/9	15,467	15,303
D	16,459	14,195	9/9	14,195	14,019
E	11,618	10,538	11/9	12,880	12,710
F	8,723	8,151	13/9	11,774	11,690
G	5,293	5,011	15/9	8,352	8,275
H	367	339	18/9	678	650
Total Band D equivalents (tax base)				**74,198**	73,237
Adjustment for collection rate of 99.00% (99.00% in 2015/16)				(742)	(732)
Net tax base (Band D equivalents)				**73,456**	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 2016/17, the average Band D council tax including police, fire and parish precepts was £1,392.56 (2015/16: £1,351.23).

The actual gross income in 2016/17 was £104.129m (2015/16: £99.393m), which in council tax base terms would be 74,774 Band D equivalent dwellings (2015/16: 73,556 Band D dwellings). The effect of this higher than anticipated tax base was a council tax surplus in the year of £1.231m (2015/16: £1.169m surplus), as shown in the table below:

2015/16 £000		**2016/17 £000**	**£000**
98,961	Anticipated gross income from council tax (from multiplying the gross tax base by the average council tax)	103,325	
(99,393)	Actual gross income	(104,129)	
	Surplus for the year before allowance for impairment		(804)
(990)	Anticipated allowance for impairment (from multiplying the adjustment for collection rate by the average council tax)	(1,033)	
253	Actual allowance for impairment of debts	606	
	Surplus for the year in relation to the allowance for impairment		(427)
(1,169)	**Surplus for the year**		**(1,231)**

Notes to the Collection Fund (continued)

C2. Business Rates

Local businesses pay business rates (also known as non-domestic 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 pays 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 49.7 pence per pound of rateable value in 2016/17 (2015/16: 49.3 pence). There is also a Small Business Rate multiplier which was set at 48.4 pence per pound of rateable value in 2016/17 (2015/16: 48.0 pence). The Valuation Office Agency sets the rateable value of each property. As at 31 March 2017, the total rateable value for properties in Solihull was £272.283m (31 March 2016: £275.991m).

2015/16		**2016/17**	
£000		£000	**£000**
(132,475)	**Gross business rates income (from multiplying the total rateable value as at 31 March by the small business rate multiplier)**	(131,785)	
874	less reduction in income due to rateable value changes throughout year	9,401	
	Gross business rates income		**(122,384)**
9,871	less mandatory, discretionary and unoccupied property reliefs		**6,282**
(121,730)	**Net business rates income receivable**		**(116,102)**

C3. Analysis of the movement on Collection Fund balance

2016/17	Council Tax £000	Business Rates £000	**Total Collection Fund £000**
Opening balance as at 1 April 2016:	(1,283)	6,228	4,945
Declared surplus/ (deficit) distributed in 2016/17	923	(6,322)	(5,399)
In-year (surplus)/deficit for 2016/17:			
Solihull MBC	(1,082)	4,122	3,040
West Midlands Police & Crime Commissioner	(99)	0	(99)
West Midlands Fire & Rescue Authority	(50)	84	34
Central Government	0	4,206	4,206
Closing balance as at 31 March 2017	**(1,591)**	**8,318**	**6,727**

Council tax income credited to the CI&ES of £91.064m comprises the Council's precept of £89.982m plus the Council's share of the in-year surplus of £1.082m shown in the table above.
Business rates income credited to the CI&ES of £28.104m comprises the Council's share of net business rates income of £58.904m and the Council's share of the in-year deficit of £4.122m (shown in the table above), less the tariff and levy payments due to the business rates pool of £26.678m.

2015/16	Council Tax £000	Business Rates £000	**Total Collection Fund £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 shown in the table above.
Business rates income credited to the CIES of £29.821m comprises the Council's share of £57.625m and the Council's share of the in-year deficit of £0.054m (shown in the table above), less the tariff and levy payment due to the business rates 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 2016/17 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;
Urban Growth Company.

Group Accounts

Consolidated Group Entities

Solihull Community Housing Ltd (SCH)
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 (BVIC)
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. Blythe Valley Innovation Centre Ltd has a year end date of 31 December, so the accounts that have been used in the preparation of the Group Accounts are for the year ended 31 December 2016.

Coventry and Solihull Waste Disposal Company Ltd (CSWDC)
The Council's interest in Coventry and Solihull Waste Disposal Company Ltd whose business is the disposal of waste is set out in Note 19a. The Council's interest in the joint venture has been consolidated into the group accounts under the equity method.

The Urban Growth Company (UGC)
The Urban Growth Company was set up in 2016 as an arms length company to deliver projects within the UK Central programme. The accounts of the Company have been consolidated, as a subsidiary, into the group accounts on a line by line basis. The Urban Growth Company has a year end date of 31 December, so the accounts that have been used in the preparation of the Group Accounts are for the year ended 31 December 2016.

Unconsolidated Group Entities

North Solihull Partnership LP (NSP)
Details of amounts owed to/ from NSP as at 31 March 2017 are included within Note 38 - Related Parties.
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. 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.

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.

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.

2016/17	Total Council Usable Reserves [1] £000	Total Council Unusable Reserves £000	**Total Council Reserves £000**	Council Share of Group Reserves £000	**Total Reserves (Incl Group) £000**
Balance at 31 March 2016	(90,459)	(322,982)	**(413,441)**	15,752	**(397,689)**
Total comprehensive income and expenditure	(72,406)	(32,054)	**(104,460)**	(3,996)	**(108,456)**
Adjustments between accounting basis & funding basis under regulations (Note 9)	62,693	(62,693)	**0**	0	**0**
(Increase)/decrease in 2016/17	(9,713)	(94,747)	**(104,460)**	(3,996)	**(108,456)**
Balance at 31 March 2017	(100,172)	(417,729)	**(517,901)**	11,756	**(506,145)**

2015/16	Total Council Usable Reserves [1] £000	Total Council Unusable Reserves £000	**Total Council Reserves £000**	Council Share of Group Reserves £000	**Total Reserves (Incl Group) £000**
Balance at 31 March 2015	(80,933)	(312,468)	**(393,401)**	20,522	**(372,879)**
Total comprehensive income and expenditure [2]	27,869	(47,909)	**(20,040)**	(4,770)	**(24,810)**
Adjustments between accounting basis & funding basis under regulations (Note 9)	(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)**

[1] A full analysis of Total Council Usable Reserves can be found within the Council's Single Entity Movement in Reserves Statement (MIRS).

[2] The MIRS has been restated to show Total Comprehensive Income and Expenditure on one line, rather than split between the Deficit on the Provision of Services and Other Comprehensive Income and Expenditure. It is still possible to determine the split as the (surplus)/ deficit on the provision of services impacts on Total Usable Reserves, whereas Other Comprehensive Income and Expenditure impacts on Unusable Reserves.

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 2017		
	Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**
Adult Social Care and Health	96,499	(39,161)	57,338
Children, Education and Skills	175,188	(141,936)	33,252
Environment, Housing and Regeneration	52,355	(48,631)	3,724
Exceptional revaluation gain on Council Dwelling	(81,583)	0	(81,583)
Managed Growth	8,057	(6,132)	1,925
Resources and Delivering Value	100,237	(75,935)	24,302
Stronger Communities and Partnerships	13,777	(6,776)	7,001
Transport and Highways	15,838	(5,857)	9,981
Cost of Services	**380,368**	**(324,428)**	**55,940**
Parish Precepts			1,188
Levies payable			9,414
Amounts payable into the housing capital receipts pool			1,420
Loss on disposal of non-current assets			2,142
Total Other Operating Expenditure			**14,164**
Interest payable on debt			10,837
Interest payable on finance leases, PFI and similar contracts			5,629
Net interest on the net defined benefit liability			8,474
Investment interest income			(598)
Other investment income			(1,171)
(Surplus) of trading operations not allocated to services			(42)
Changes in fair value of investment properties			(3,351)
Rents received on investment properties			(1,051)
Expenses incurred on investment properties			562
Total Financing and Investment Income & Expenditure			**19,289**
Council tax			(91,064)
Business rates			(28,104)
Non-ringfenced government grants			(25,334)
Recognised capital grants and contributions			(21,370)
Total Taxation and Non-Specific Grant Income			**(165,872)**
(Surplus) / Deficit on the Provision of Services			**(76,479)**
Joint venture accounted for on an equity basis			(2,709)
Taxation of group entities			78
Share of taxation of joint venture			529
Group (Surplus) / Deficit			**(78,581)**
(Surplus) on revaluation of non-current assets			(93,104)
Impairment losses on non-current assets charged to revaluation reserve			491
(Surplus) or deficit on revaluation of available-for-sale financial assets			(3,490)
Remeasurement of the net defined benefit liability			66,475
Any other (gains)/losses			(247)
Other Comprehensive Income and Expenditure			**(29,875)**
Total Comprehensive Income and Expenditure			**(108,456)**

Group Comprehensive Income and Expenditure Statement

Prior year comparatives (restated[1])

	Year ended 31 March 2016		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Adult Social Care and Health	94,521	(38,897)	55,624
Children, Education and Skills	187,927	(146,660)	41,267
Environment, Housing and Regeneration	52,475	(49,355)	3,120
Exceptional revaluation gain on Council Dwelling	0	0	0
Managed Growth	9,253	(6,666)	2,587
Resources and Delivering Value	111,918	(77,910)	34,008
Stronger Communities and Partnerships	14,110	(6,852)	7,258
Transport and Highways	16,540	(6,582)	9,958
Cost of Services	**486,744**	**(332,922)**	**153,822**
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			10,994
Interest payable on finance leases, PFI and similar contracts			5,320
Net interest on the net defined benefit liability			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)
Business rates			(29,821)
Non-ringfenced government grants			(32,322)
Recognised capital grants and contributions			(22,348)
Total Taxation and Non-Specific Grant Income			**(171,781)**
(Surplus) / Deficit on the Provision of Services			**26,897**
Joint venture accounted for on an equity basis			(2,444)
Taxation of group entities			73
Share of taxation of joint venture			448
Group (Surplus) / Deficit			**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)**

[1] The cost of services has been restated in line with the Code to present expenditure and income on services on the basis of the Council's Cabinet portfolios. Further details are given in Note 2 - Prior Period Adjustments.

Group Balance Sheet

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

31 March 2016		**31 March 2017**
£000		**£000**
906,621	Property, Plant and Equipment	**1,085,603**
950	Heritage Assets	**950**
13,164	Investment Property	**16,239**
1,030	Intangible Assets	**639**
2,000	Long Term Investments - Money market loans	**5,000**
15,787	Long Term Investments - Available for sale financial assets	**19,277**
11,342	Investments in Joint Ventures	**11,677**
809	Long Term Debtors	**734**
951,703	**Long Term Assets**	**1,140,119**
34,305	Short Term Investments	**29,626**
925	Inventories	**841**
29,294	Short Term Debtors	**32,113**
16,015	Cash and Cash Equivalents	**26,241**
3,809	Payments In Advance	**5,282**
230	Carbon Allowances	**238**
84,578	**Current Assets**	**94,341**
(15,210)	Bank Overdraft	**(15,110)**
(2,663)	Short Term Borrowing	**(2,738)**
(41,081)	Short Term Creditors	**(44,635)**
(5,684)	Short Term Provisions	**(6,420)**
(13,642)	Receipts in Advance	**(16,959)**
(78,280)	**Current Liabilities**	**(85,862)**
(2,585)	Long Term Provisions	**(1,487)**
(247,954)	Long Term Borrowing	**(246,822)**
(245,369)	Net Pensions Liability	**(325,966)**
(58,832)	Other Long Term Liabilities	**(62,701)**
(5,572)	Capital Grants Receipts in Advance	**(5,477)**
(560,312)	**Long Term Liabilities**	**(642,453)**
397,689	**Net Assets**	**506,145**
	Financed by:	
(92,555)	Usable Reserves (see Note G7)	**(100,164)**
(288,559)	Unusable Reserves (see Note G8)	**(379,572)**
(16,575)	Group Income & Expenditure Reserve	**(26,409)**
(397,689)	**Total Reserves**	**(506,145)**

Group Cash Flow Statement

The Group Cash Flow 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 2016 £000		**31 March 2017 £000**
24,974	Net group (surplus)/ deficit on the provision of services	**(78,581)**
(87,396)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note G3)	16,789
26,382	Adjustments for items in the net surplus or deficit on the provision of services that are investing and financing activities	30,498
(36,040)	**Net cash flows from operating activities**	**(31,294)**
32,887	Investing activities (Note G5)	17,252
2,687	Financing activities (Note G6)	3,716
(466)	**Net (increase) / decrease in cash and cash equivalents**	**(10,326)**
	Overall Movement in cash and cash equivalents	
339	Cash and cash equivalents at the beginning of the reporting period	805
466	Net increase/ (decrease) in cash and cash equivalents	10,326
805	**Cash and cash equivalents at the end of the reporting period**	**11,131**

Disclosure Notes to the Council's Group Accounts

G1. Group Segmental Analysis

The table below uses the segmental analysis given in the Expenditure and Funding Analysis (Note 1) as the starting point and shows the cabinet portfolio to which the Group adjustments have been applied, to give the net expenditure in the Group CI&ES.

2016/17	Net expenditure in the CI&ES	Group Adjustments	Net expenditure in the Group CI&ES
	£000	£000	£000
Adult Social Care and Health	57,338	0	57,338
Children, Education and Skills	33,252	0	33,252
Environment, Housing and Regeneration	6,960	(3,236)	3,724
Exceptional revaluation gain on Council Dwellings	(81,583)	0	(81,583)
Managed Growth	1,925	0	1,925
Resources and Delivering Value	24,532	(230)	24,302
Stronger Communities and Partnerships	7,001	0	7,001
Transport and Highways	9,981	0	9,981
Net cost of services	**59,406**	**(3,466)**	**55,940**
Other income and expenditure	(131,812)	(2,709)	(134,521)
Group (surplus) / deficit	**(72,406)**	**(6,175)**	**(78,581)**

2015/16	Net expenditure in the CI&ES	Group Adjustments	Net expenditure in the Group CI&ES
	£000	£000	£000
Adult Social Care and Health	55,624	0	55,624
Children, Education and Skills	41,267	0	41,267
Environment, Housing and Regeneration	4,716	(1,596)	3,120
Managed Growth	2,587	0	2,587
Resources and Delivering Value	34,304	(296)	34,008
Stronger Communities and Partnerships	7,258	0	7,258
Transport and Highways	9,958	0	9,958
Net cost of services	**155,714**	**(1,892)**	**153,822**
Other income and expenditure	(127,845)	(1,003)	(128,848)
Group (surplus) / deficit	**27,869**	**(2,895)**	**24,974**

Disclosure Notes to the Council's Group Accounts (continued)

G2. Expenditure & Income Analysed by Type

2015/16 £000		**2016/17 £000**
	Expenditure	
161,939	Employee benefits expenses	**151,206**
20,945	Employee benefits expenses - voluntary aided schools	**20,133**
260,240	Other service expenses	**259,779**
52,340	Depreciation, amortisation, impairment and revaluation losses	**36,518**
0	Exceptional revaluation gain on Council Dwellings	**(81,583)**
16,314	Interest payments	**16,466**
11,106	Precepts & levies	**10,602**
1,564	Payments to the housing capital receipts pool	**1,420**
12,378	Loss on disposal of non-current assets	**2,142**
73	Share of taxation of joint ventures	**529**
448	Taxation of group entities	**78**
537,347	Total expenditure	**417,290**
	Income	
(114,412)	Fees, charges & other service income Note G2a	**(111,292)**
(930)	Rent received on investment properties	**(1,051)**
(2,444)	(Surplus) or deficit on joint venture	**(2,709)**
(4,296)	Interest and investment income	**(1,769)**
(117,111)	Income from council tax and business rates	**(119,168)**
(273,180)	Government grants and contributions	**(259,882)**
(512,373)	Total Income	**(495,871)**
24,974	**Group (surplus) / deficit**	**(78,581)**

G2a. Revenue from external customers

The table below reconciles the revenue received by the Council from external customers (Note 6a) to the total fees, charges and other service income received by the Group.

2015/16 £000		**2016/17 £000**
(112,163)	Total revenue from external customers (Council) Note 6a	**(108,881)**
(637)	BVIC rental income, service charge and insurance income	**(584)**
(1,612)	SCH income	**(909)**
0	UGC Income	**(918)**
(114,412)	**Total fees, charges and other service income**	**(111,292)**

Disclosure Notes to the Council's Group Accounts (continued)

G3. Cash Flow Statement - Adjustments to Net Group Surplus or Deficit on the Provision of Services for non-cash movements

2015/16 £000		**2016/17 £000**
(31,241)	Depreciation and Amortisation	**(30,635)**
(23,715)	Impairments and revaluations	**75,700**
781	Release of capital grant to income and expenditure	**0**
(15,517)	Net movement in pension liability	**(14,122)**
(15,303)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	**(12,155)**
7,258	Increase/(decrease) in debtors	**6,768**
(7,668)	(Increase)/decrease in creditors	**(12,197)**
(1,991)	Other non-cash items charged to the net (surplus)/ deficit on the provision of services	**3,430**
(87,396)		**16,789**

G4. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2015/16 £000		**2016/17 £000**
(564)	Interest received	**(602)**
16,207	Interest paid	**16,642**
(1,360)	Dividends received	**(3,995)**
14,283	**Included within cash flow from Operating Activities**	**12,045**

G5. Cash Flow Statement - Investing Activities

2015/16 £000		**2016/17 £000**
50,237	Purchase of Property, Plant & Equipment, Investment Property and	**51,111**
36,179	Purchase of Short Term and Long Term Investments	**61,598**
9,592	Other payments for Investing Activities	**3,201**
(6,428)	Proceeds from the sale of Property, Plant & Equipment, Investment Property	**(10,013)**
(32,093)	Capital grants received	**(25,297)**
(24,528)	Proceeds from Short Term and Long Term Investments	**(63,281)**
(72)	Other receipts from Investing Activities	**(67)**
32,887	**Net cash flows from Investing Activities**	**17,252**

Disclosure Notes to the Council's Group Accounts (continued)

G6. Cash Flow Statement - Financing Activities

2015/16 £000		**2016/17 £000**
23	Other movements from financing activities	**(240)**
1,680	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	**2,979**
984	Repayments of Short Term and Long Term Borrowing	**977**
2,687	**Net cash flows from Financing Activities**	**3,716**

G7. Usable Reserves

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

31 March 2016 £000		**31 March 2017 £000**
(11,902)	General Fund Working Balance	**(8,394)**
(3,762)	General Fund Earmarked Balance	**(8,290)**
(48,909)	Earmarked Revenue Reserves	**(47,375)**
(13,953)	Housing Revenue Account (HRA)	**(11,037)**
(4,982)	Capital Receipts Reserve	**(13,433)**
(1,440)	Major Repairs Reserve	**(2,026)**
(7,607)	Capital Grants Unapplied Account	**(9,609)**
(92,555)	Total Usable Reserves	**(100,164)**

G8. Unusable Reserves

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

31 March 2016 £000		**31 March 2017 £000**
(161,942)	Revaluation Reserve	**(225,980)**
(365,103)	Capital Adjustment Account	**(470,104)**
(10,634)	Available for Sale Financial Instruments Reserve	**(14,124)**
(166)	Financial Instruments Adjustment Account (FIAA)	**(210)**
245,369	Pensions Reserve	**325,998**
1,924	Collection Fund Adjustment Account	**2,678**
1,993	Accumulated Absences Account	**2,170**
(288,559)	Total Unusable Reserves	**(379,572)**

Disclosure Notes to the Council's Group Accounts (continued)

G9. 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 2017 SCH, as a separate entity, had no outstanding capital commitments other than those reported within the Council's accounts (Note 13) (2015/16: no capital commitments).

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 2017 BVIC, as a separate entity, had no outstanding capital commitments (2015/16: no capital commitments).

The Urban Growth Company (UGC)

UGC was created as an arms length company during 2016 to deliver the elements of the UKC Programme.
UGC has not incurred any contingent liabilities during the last financial year.
As at 31 March 2017 UGC, as a separate entity, had no outstanding capital commitments (2015/16: not trading.)

G10. Joint Ventures

Coventry & Solihull Waste Disposal Company Ltd (CSWDC)

The Council's interest in CSWDC is identified in Note 19a - Available for Sale Financial Assets.
The Council (as Reporting Authority) has not incurred any Contingent Liabilities in relation to its interest in Joint Ventures. 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 £0.393m as at 31 March 2017 (2015/16: £1.052m).

Disclosure Notes to the Council's Group Accounts (continued)

G11. 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 Notes 44 and 45 to the Council's single 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 45.
The most recent valuation of plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2017.

Comprehensive 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:

	2015/16 £000	**2016/17** **£000**
Cost of Services:		
Service cost comprising:		
• Current service cost	1,649	**1,484**
• Administration costs	22	**26**
Financing and Investment Income and Expenditure:		
• Net interest on the net defined benefit liability	397	**416**
sub-total post-employment benefit charged to the (surplus) / deficit on the provision of services	2,068	**1,926**
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	1,849	**(10,392)**
• Actuarial (gains)/losses arising on changes in financial assumptions	(3,724)	**12,525**
sub-total post-employment benefit charged to Other Comprehensive Income and Expenditure	(1,875)	**2,133**
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	193	**4,059**

Disclosure Notes to the Council's Group Accounts (continued)

Pensions Assets and Liabilities Recognised in the 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:

	2015/16	**2016/17**
	£000	**£000**
Present value of the defined benefit obligation	(62,689)	**(77,971)**
Fair value of plan assets	50,980	**63,179**
Net liability arising from defined benefit obligation	(11,709)	**(14,792)**

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

Reconciliation of the present value of the scheme liabilities	2015/16	**2016/17**
	£000	**£000**
Opening balance at 1 April	(63,289)	**(62,689)**
Current service cost	(1,649)	**(1,484)**
Interest expense	(2,079)	**(2,301)**
Contributions from employees into the scheme	(439)	**(416)**
Remeasurement (gains)/losses:	3,724	**(12,525)**
Past service costs		
Benefits paid	1,043	**1,444**
Closing balance at 31 March	(62,689)	**(77,971)**

Reconciliation of the movements in the fair value of the scheme assets	2015/16	**2016/17**
	£000	**£000**
Opening value of scheme assets as at 1 April	50,772	**50,980**
Interest income	1,682	**1,885**
Remeasurement gain/(loss)	(1,849)	**10,392**
Administration Expenses	(22)	**(26)**
Contributions from employer	1,001	**976**
Contributions from employees into the scheme	439	**416**
Benefits paid	(1,043)	**(1,444)**
Closing value of scheme assets as at 31 March	50,980	**63,179**

Disclosure Notes to the Council's Group Accounts (continued)

Basis for estimating assets and liabilities

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

	at 31 March 2016	**at 31 March 2017**
Life expectancy assumptions from age 65:		
Retiring today:		
Men	88	**87**
Women	91	**89**
Retiring in 20 years:		
Men	90	**89**
Women	93	**92**
Financial assumptions:		
Discount rate	3.70%	**2.70%**
Pension increases	2.10%	**2.70%**
Salary increases	3.85%	**4.20%**

Analysis of the scheme assets at the reporting date:

	Percentage share		Fair value of assets	
	2015/16	**2016/17**	2015/16	**2016/17**
	%	**%**	£000	**£000**
Equity instruments	61.0	**64.0**	30,854	**40,694**
Debt instruments	13.0	**12.0**	6,346	**7,746**
Property	8.0	**8.0**	4,204	**4,867**
Cash/liquidity	5.0	**3.0**	2,329	**1,803**
Other assets	13.0	**13.0**	7,247	**8,069**
Average Return / Total Assets	100.0	**100.0**	50,980	**63,179**

The sensitivity of the overall pension liability to changes

Impact on the Defined Benefit Obligation in the Scheme	
Change in Assumption	**Impact on Pension liability £000**
Life expectancy assumptions (increase by 1 year)	**2,788**
Pension increase and deferred revaluations (increase by 0.1%)	**1,244**
Long term salary increase (increase by 0.1%)	**229**
Discount rate (increase by 0.1%)	**(1,446)**

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 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Group Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Group Comprehensive Income and Expenditure Statement, the Balance Sheet, the Group Balance Sheet, the Cash Flow Statement, the Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Income and Expenditure Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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 Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to 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 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 2016/17, 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, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") 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 2017 and of the Authority's and Group's expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 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 for the financial year for which the financial statements are prepared is consistent with the 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: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

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

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

Respective responsibilities of the Authority and auditor

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

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 for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, 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 this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Act and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2017. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

John Gregory

John Gregory
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

The Colmore Building
20 Colmore Circus
Birmingham
B4 6AT

1 August 2017

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 Councils 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 than 1 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
Business rates or non-domestic rates collected by Councils, are a way in which those who occupy or own non-domestic property contribute to the cost of providing local services.

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.

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.

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 business rates.

Contingent Assets
Amounts that may become due to the Council, but their actual receipt depends on a future event

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 (DSG)
Schools are funded separately from other Council services. The Council receives 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
The Council's 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 believes may not 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 ringfenced 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 for 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 yields 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-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, e.g. disabled facilities grant expenditure.

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.

Ringfenced
Amounts which are ringfenced are only able to be spent on specific areas.

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.

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 Council 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

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Enquiries or comments about this publication should be made to:

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Solihull
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Telephone: 0121 704 6855

Other sources of information about Solihull MBC and its finances include:

Council Tax Leaflet 2017/18
Medium Term Financial Strategy 2017/18 - 2019/20

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: http://www.solihull.gov.uk/About-the-Council/Performance-spending/councilspending/financialdocuments

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

http://www.westmidlands-pcc.gov.uk/transparency/budgetary-and-financial-information

The Treasurer of the Authority
West Midlands Fire and Rescue Authority
PO BOX 2372
Sandwell Council House
Oldbury
Warley
B69 3DE

https://www.wmfs.net/your-fire-service/openness/documents

The Treasurer to the West Midlands Combined Authority
West Midlands Combined Authority
16 Summer Lane
Birmingham
B19 3SD

https://www.wmca.org.uk/what-we-do/budget-spending/

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:

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