Telford & Wrekin Council

Statement of Accounts

2017/18

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Statement of Accounts

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A. ORGANISATIONAL OVERVIEW

1. Introduction

Telford & Wrekin Council is a Unitary Authority created in 1998. Situated in Shropshire, the Borough is a mix of urban and rural areas including Telford New Town, the market town of Newport and the UNESCO World Heritage Site, the Ironbridge Gorge – the birthplace of the industrial revolution. Surrounded by countryside and farmland, more than two thirds of the Borough is classified as rural.

The Council delivers a vast range of services to its community, of around 175,000 people, including Education, Waste Collection and Disposal, Care for Vulnerable Adults and Children, Libraries, Leisure Centres and Play Facilities.

The Council's Vision for the Borough is

"Telford & Wrekin – the place to live, learn, work and do business".

The Council Plan, which is available on the Council's web site (link below), identifies the organisation's strategies to deliver these priorities.

Partnership working is very important to the Council and makes a real and positive difference to community life. 'Shaping Our Future: Our Journey to 2020' (link below) sets out what the Council and its partners will focus on to achieve common targets. Working with other organisations to develop and deliver alternative service solutions is a key aspect of the Service & Financial Planning Strategy so that communities become more resilient and self-supporting.

Council Plan	http://www.telford.gov.uk/downloads/file/1604/council_plan
Shaping Our Future	http://www.telford.gov.uk/downloads/file/1603/shaping_our_future_-_telford_and_wrekins_journey_to_2020

2. Background Information

Political Context

The Borough is divided into 30 wards and there are 54 Councillors. Borough elections are held every 4 years, with the next election due in 2019.

The Council operates a Leader with Cabinet decision making system. The Council is currently Labour controlled.

Legislative Framework

The Council operates within the legislative and regulatory framework as determined by Government. The Statement of Accounts are prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting and the 2015 Accounts and Audit Regulations, and comply with the relevant Local Government Acts, Accounting Standards and other CIPFA guidance.

Economic Profile

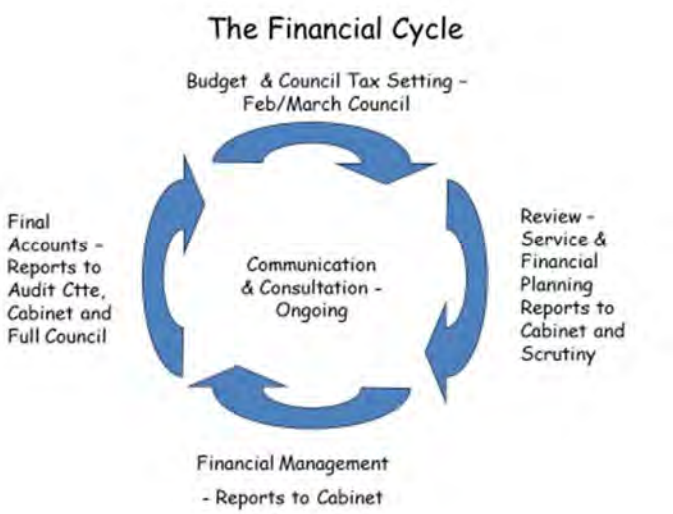
The Borough has a diverse manufacturing sector, a flourishing tourism sector and research and development facilities. There is a strong focus on manufacturing with other important sectors being advanced engineering, food and drink, construction, education and retail.

An estimated 80,900 people were employed in the Borough in the year to September 2017.

There were 6,250 business units, in VAT and/or PAYE based enterprises in the Borough in 2017, an increase of 185 from the previous year.

An estimated 3,900 of the Borough's working age population were unemployed between October 2016 and September 2017, down 300 from the previous year.

3. The Council's Financial and Reporting Cycles



Reports to Council, Cabinet and Audit Committee can be accessed via the Council's web site.

4. An Overview of the Budget 2017/18

The Council's 2017/18 budget was set in the context of a three year service and financial planning strategy which covered the period 2017/18 to 2019/20. The budget is the financial expression of the Council's priorities and plans linked to the available funding. The Council is a relatively low spending Local Authority, which has a comparatively low level of Council Tax for its own services (Telford & Wrekin had the third lowest council tax for Unitary Services in the Midlands in 2017/18).

Since 2010, the Council has faced unprecedented cuts in government grant whilst at the same time demand for many services, such as safeguarding children against harm or neglect and care for older people, have been increasing. In 2017/18 £13.8m of budget savings were delivered, which was on top of £96.2m made in the previous 8 years. A further £30m of savings are expected to be needed in the next 3 years: 2018/19 to 2020/21.

Despite the financial challenges the Council has a clear mission to attract new jobs and investment and promote growth in the borough; to protect, as far as possible, priority front line services; to reduce dependency on Government grant and work with partners and the community; and operating in a more commercial way to generate income to help reduce the level of cuts to front line services.

The Cabinet published its draft service and financial planning strategy for 2017/18 to 2018/19 in January 2017 which was followed by a period of consultation. The final budget strategy was approved at Council in March 2017 taking account of consultation responses.

Council tax was increased by 3.2% in 2017/18 which was a combination of the Government's 2% Adult Social Care Precept and 1.2% general increase. The average charge (Band B) for the Council's services was £950 per year.

The table below shows how Net Revenue Spend was funded. Government funding cuts meant that Revenue Support Grant (RSG) was 25% lower in 2017/18 than in 2016/17.

2017/18 Budgeted Net Revenue Spend		
	£m	**%**
2017/18 Total Net Revenue Spend	**121.194**	
Funded From:		
Government Grant (RSG and Top Up)	**22.636**	**19**
Retained Business Rates	**36.673**	**30**
Council Tax	**59.410**	**49**
Collection Fund and Balances	**2.475**	**2**
Total Funding	**121.194**	**100**

The medium term planning period was one of continuing uncertainty due to the timing and unknown impact of changes to the Government's funding mechanism for local government i.e. changes to the Business Rates Retention scheme and a new approach to assessing local needs, despite the Revenue Support Grant figures being provided through to 2019/20.

5. Workforce Analysis

As at 31 March 2018 Telford & Wrekin Council employed 2,729 people [2,063.6 FTEs]. At 31 March 2017 the comparative figures were 2,674 people [2,045 FTEs]:

	31 March 2017		31 March 2018	
	Head Count	FTEs	Head Count	FTEs
Male	690	609.15	715	619.93
Female	1,984	1,435.90	2,014	1,443.64
Total	2,674	2,045.05	2,729	2,063.57

The increase reflects recruitment to vacant posts. Information relating to gender pay data (measuring any disparity in pay between the average earnings of male and female employees) is published on the Council's web site (see link below).

Gender Pay Information	http://www.telford.gov.uk/downloads/file/7020/gender_pay_gap_-_2017

B. GOVERNANCE & TRANSPARENCY

The 2017/18 Annual Governance Statement is included within the Statement of Accounts – see page 28. The Statement outlines that the Council has adhered to its Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.

The Council is committed to openness and transparency and publishes details of all spending over £100 every month (link below). The Statement of Accounts are a public record of the Council's financial position for 2017/18; showing what has been spent, income that has been received, together with assets and liabilities. The Statement of Accounts is prepared on an International Financial Reporting Standards (IFRS) basis as interpreted by the Local Government Accounting Code of Practice. The information is presented as simply and clearly as possible whilst adhering to the IFRS reporting regulations.

Spend Over £100	http://www.telford.gov.uk/info/20110/budgets_and_spending/55/expenditure_over_100

C. BEING THE CHANGE - OPERATIONAL MODEL

Despite the severe financial constraints, Telford & Wrekin is a progressive Council with ambitions to improve the Borough and lives of residents. The organisation and how services are delivered have had to and will continue to change. The organisational strategy "Being the Change" sets out how this is being achieved, based around four themes:

1. Solving problems and promoting social responsibility to reduce demand for services – the Council can no longer afford to, neither is it right that the Council can fix every family or community challenge. It is the role of the Council to work with and support families and communities to stop these needs developing in the first place and so reduce demand on our services.

2. Challenging and changing, reviewing and reimagining the way we do things – despite the savings we have had to make we have worked hard to avoid simply cutting services to balance the books – this would be the easy thing to do. We have had to be creative and find new ways to deliver services and ensure that our services are as efficient as possible. For example, working with Town and Parish Councils, community groups and organisations to deliver libraries, community centres, markets, children's centres and youth services.

3. Reducing our Dependency on Government Grants – this is an essential part of our financial strategy; to increase and maximise income into the Council from sources other than Government Grants, for example the Solar Farm, Nuplace (a wholly owned housing company) and securing external funding.

4. Being a Modern Organisation, with Modern Practices and where we always get the Basics Right

- **Workforce** – the Council has a hard working and dedicated workforce committed to the values of service and making a difference to the community. Our workforce strategy sets out how we will work to continually support the workforce to ensure that they have the right skills and knowledge to deliver services.
- **Technology** – investing in ICT to keep our systems up to date is an essential part of "Being the Change" which will drive efficiencies and savings as well as ensuring that the ICT network is robust.
- **Customer Focus** – improving the customer journey and outcomes by driving digital transformation including the enablement of "self-service" at the customer's convenience through "My Telford". Full detail is in the Council's digital strategy.

- **Performance** – our performance framework tracks the progress we are making delivering our priorities. This is an essential part of our approach to evidence based decision making.
- **Financial Management** – the Service & Financial Planning Strategy sets out how we will use our money to deliver our priorities and value for money including where we will invest more in our priorities and where we are still required to make savings and deliver efficiencies.

D. RISKS AND OPPORTUNITIES

The strategic risk register identifies the substantive issues which need to be managed but which could impact negatively on delivery of the Council's priorities. The key strategic risks identified for 2017/18 are listed below, with details of the steps that the Council is taking to manage these key risks included in our risk register.

Death or serious harm of a vulnerable child or vulnerable adult (Breach of duty of care)
Inability to match available resources (financial, people and assets) with statutory obligations, agreed priorities and service standards
Inability to deliver financial strategy including capital receipts, savings and commercial income
The impact of organisational and culture change in the Council and partner organisations within the constraints of the public sector economy
The impact of losing skills, knowledge and experience (retention and recruitment)
Significant business interruption affecting ability to provide priority services
Inability to manage the health and safety risks in delivering the Council's functions (including building security and cyber security)
Inability to deliver effective information governance
Inability to respond adequately to a significant emergency affecting the community and/or ability to provide priority services

The full risk register (link below) assesses the likelihood and impact of each risk together with the controls in place to manage and mitigate these. The risk register is reviewed and updated on a regular basis.

Risk Register	http://apps.telford.gov.uk/CouncilAndDemocracy/Meetings/Download/MjA2NTY%3d

The Council continually seeks and seizes opportunities. The organisational strategy "Being the Change" themes described in Section C of the Narrative Report identifies the opportunities being taken to develop services; some of the key opportunities for the future being:

Ongoing investment through the Telford Growth Fund in our Property Investment Portfolio, as part of the "Business Winning, Business Supporting approach" to boost jobs, the economy and generate income
Increasing income through trading and new commercial projects (including continuing to support and develop Nuplace, the Council's wholly owned Housing Company to provide new homes for rent)
Bringing more public services together so that people get what they need at the right time and in the right place

Involving local people and our employees in the planning and running of services
Supporting communities better and encouraging local people and organisations to do more to help their communities
Channel Shift by providing services and information in the most efficient way, encouraging "self-service" and the use of "apps" such as the Everyday Telford App

E. PERFORMANCE

The core elements of the Council's corporate planning framework are:

- **Council Plan 2018/19 to 2019/20** – identifies the organisation's community priorities and strategy to deliver these priorities in a period of unprecedented change for local government (link below).
- **Service & Financial Strategy** – focussed on allocating our financial resources to services to deliver organisational and statutory priorities (link below),
- **Workforce Strategy** – sets out our approach to upskilling and supporting the workforce to ensure that they have the skills and knowledge to deliver their objectives. This has been underpinned by an additional £250,000 investment. It has 4 themes:
    1. Employer of choice – through effective HR policies to attract employees of the right calibre to the organisation.
    2. Planning for the Future – robust, effective service planning.
    3. Healthy Organisation – supporting the health and mental wellbeing of employees.
    4. Workforce of the Future - good, effective workforce planning to cover, for example skills and succession planning.
- **Risk Register** - the Council keeps strategic risks under review through its Risk Register. These risks are used to inform the allocation of resources through the Service & Financial Strategy (link below).
- **Performance Framework** – the corporate performance framework is composed of a basket of measures to enable the organisation to understand progress in the delivery of our community priorities. This is reported to Cabinet twice a year (link below).
- **Service & Workforce Plans** – each Assistant Director led-area produces an annual service plan which identifies their objectives against our community priorities. These plans also consider risks to delivery and identifies actions to ensure that the workforce has the necessary skills and knowledge to deliver these objectives. These workforce plans feed into the corporate Learning & Development plan.

Council Plan	http://www.telford.gov.uk/downloads/file/1604/council_plan
Service & Financial Planning Strategy	http://apps.telford.gov.uk/CouncilAndDemocracy/Meetings/Download/MjA2NDA%3d
Risk Register	http://apps.telford.gov.uk/CouncilAndDemocracy/Meetings/Download/MjA2NTY%3d
Performance Report	http://apps.telford.gov.uk/CouncilAndDemocracy/Meetings/Download/MjA2ODQ%3d

1. Revenue Outturn for 2017/18

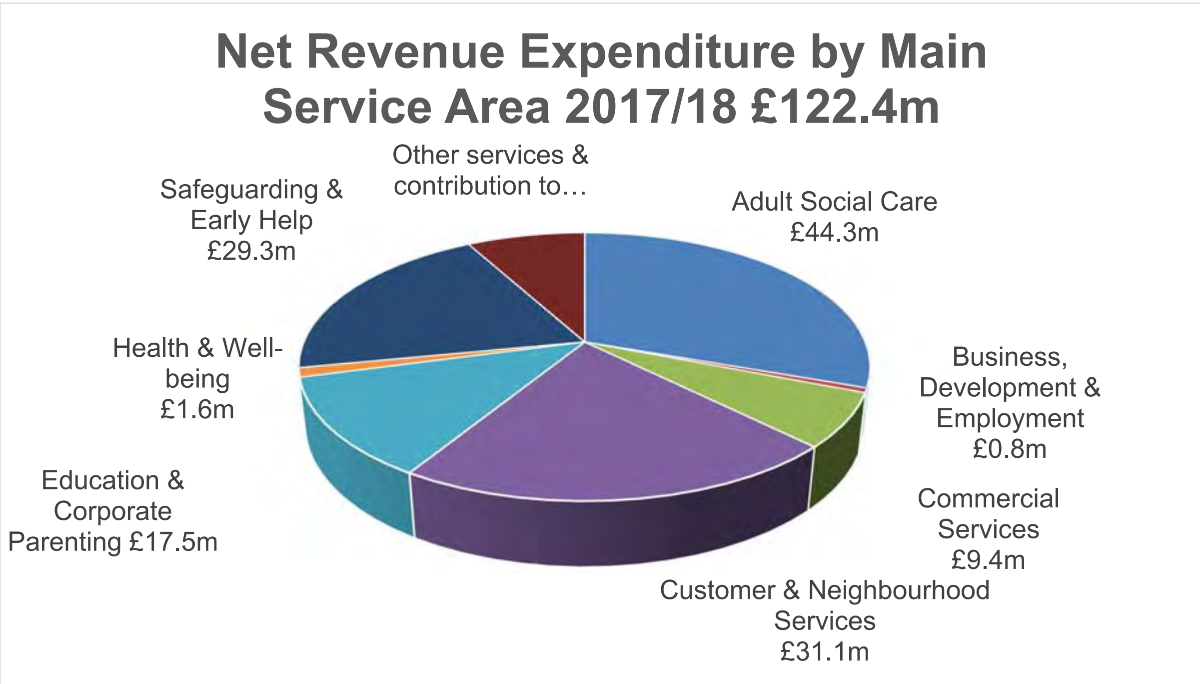
Final net service expenditure for 2017/18 was £121.044m compared to a budget of £121.194m, an underspend of £0.15m (or -0.1%). This was also after making a number of provisions to support priorities and sustain the financial position going forward. Given the context of the Council having to make £14m of budget savings in 2017/18, on top of £96m delivered in previous years, giving a total of £110m, it was a particularly positive outturn position which demonstrates the continuing long track record of strong financial management in the Council.

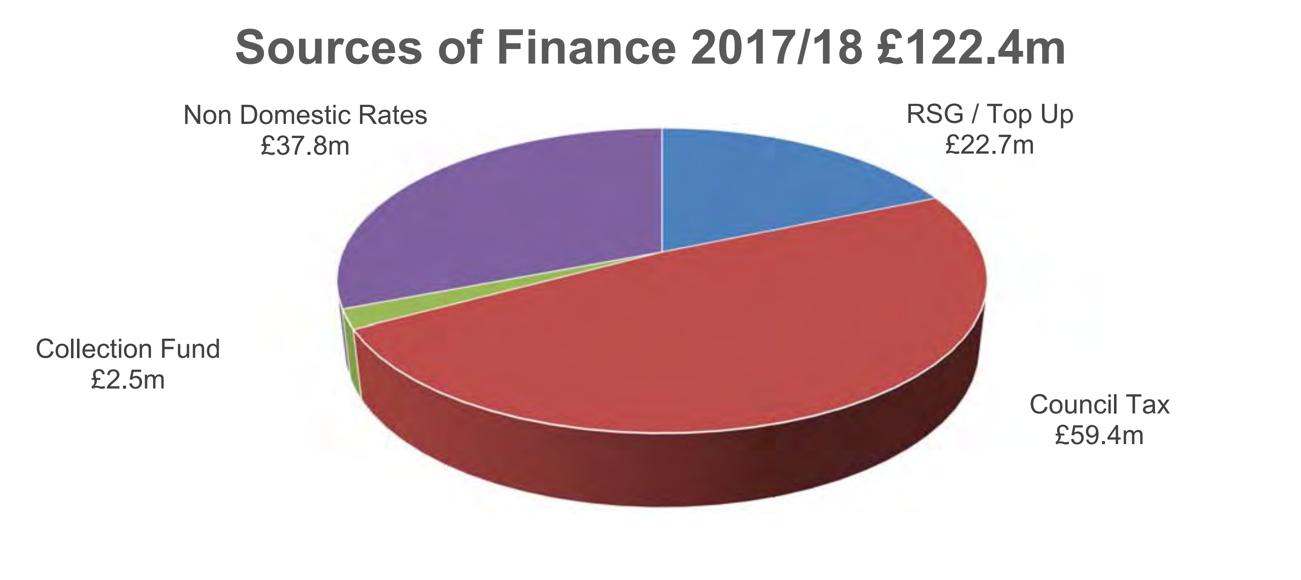
Description	Budget £m	Outturn £m	Variation £m
Outturn Report – Overall Totals (see page 13)	121.194	121.044	-0.150
Funding Variance	0.000	1.161	1.161
Contribution to (+)/from (-) balances	0.557	0.000	-0.557
Service Outturn (see page 12)	121.751	122.205	0.454
Funded by :			
Council Tax, Revenue Support Grant and Non Domestic Rates, Collection Fund Balances	-121.194	-122.355	-1.161
Net General Fund position	-0.557	0.150	0.707
	-121.751	-122.205	-0.454

This position can be reconciled with the formal Income and Expenditure Account as shown below.

Total expenditure is £122.205m from the above table plus the contribution to balances of £0.15m giving a total of £122.355m.

The following two charts show Net Revenue Spend by Service for 2017/18 and how it is funded.





The outturn position has resulted in a general fund balance of £4.051m and a special fund balance of £0.756m, giving an overall balance of £4.807m. The total for all reserves and usable revenue balances held by the Authority is £84.5m, although almost all of this is held to meet known or likely commitments.

Description	**Expenditure £m**	**Income £m**	**Net Expenditure £m**
Net Cost of Services (See Comprehensive Income and Expenditure Account on page 41)	446.787	314.127	132.660
Trading Services	4.417	8.741	(4.324)
Pensions Adjustments under IAS 19	(9.321)	0.000	(9.321)
Interest Payable and Similar Charges	8.813	0.000	8.813
Gains and Losses on Repurchase or Early Settlement of Borrowings (net)	(0.164)	0.000	(0.164)
Interest and Investment Income	0.000	0.016	(0.016)
Capital Grants and Revenue Grants Unapplied	0.000	(30.607)	30.607
Remove Depreciation & Impairments, REFCUS etc. from Net Operating Cost	(49.224)	0.000	(49.224)
Accumulated Absences	(0.547)	0.000	(0.547)
Minimum Revenue Provision	0.467	0.000	0.467
Net Movement on Reserves	13.254	0.000	13.254
Total Service Outturn (see table on page 11)	**414.482**	**292.277**	**122.205**

2. Issues Highlighted During 2017/18

A summary of the year end variances reported to Cabinet is shown in the table below:

Service	Budget £m	Outturn £m	Variation £m
Adult Social Care	43.980	43.601	-0.379
Business, Development & Employment	-0.946	-1.539	-0.593
Cooperative Council Team	1.364	1.194	-0.170
Commercial Services	0.095	-0.076	-0.171
Corporate Items	3.604	3.399	-0.205
Council Wide	3.658	5.057	1.399
Customer & Neighbourhood Services	26.848	26.456	-0.392
Education & Corporate Parenting	5.183	5.634	0.451
Finance & Human Resources	7.812	4.601	-3.211
Governance, Procurement & Commissioning	3.227	3.169	-0.058
Health & Wellbeing	1.262	1.126	-0.136
Safeguarding and Early Help	25.107	28.422	3.315
Final Outturn	**121.194**	**121.044**	**-0.150**

Variances exclude IAS 19 Pension entries and asset charges which are technical entries required in the formal statement of accounts but do not impact on the Council's General Fund Balances.

A summary of the key issues, highlighting variances over £100,000 during the year is shown below:
(A "+" is an increase in expenditure or a reduction in income, a "-" is a reduction in expenditure or an increase in income)

Service Area	Variance £m
Business, Development & Employment	
Regeneration & Investment – net position relating to the Property Investment Portfolio & service charges which included early delivery of income arising from the Telford Growth Fund Investment.	-0.943
Development Management – net planning fee income shortfall.	+0.309
Development Management – planning appeals costs.	+0.106
Finance & HR	
Treasury Management – the benefit was due to reduced borrowing costs associated with short-term borrowing at current very low interest rates. The position is regularly monitored by senior finance staff and the Council's external treasury management advisors and some longer term	-2.747

borrowing was undertaken in 2017/18 to manage the risk of interest rate exposure. **Human Resources** – additional external income generated from the provision of services and project work for external clients both within and outside the Borough.	 -0.100
<u>Cooperative Council Team</u> There were no variations over £100k to report for the year.	
<u>Children's Safeguarding & Early Help</u> **Children in Care Placements** – the number of looked after children at the end of the year was lower than at the end of 2016/17 at 364 compared to 381. However there were more children in higher cost residential and external foster care than anticipated. The service is developing strategies to attract more internal foster carers and has a 4 year placement model with a target of reducing the total number of placements. **Staffing (Safeguarding)** – included the cost of agency social workers during the year. The Service has a number of strategies to attract and retain permanent staff with the aim of reducing this cost in 2018/19. **Legal** – the increased level of activity and complexity led to an increase in court fees and the use of barristers. **Assessments** – underspends reflect the creation of an in house service offering mother and baby assessments which reduced the requirement for residential placements. **Independent Review Staffing** – difficulties recruiting during the year led to the use of agency staff which resulted in an overspend.	 +2.478 +0.119 +0.118 -0.315 +0.119
<u>Education & Corporate Parenting</u> **Advisory Management and School Improvement traded Advisory Service** - This related to a shortfall against the income target for this area following the transfer in 2016/17 of the Advisory team. Work is ongoing to identify further savings in the future. **School Transport** – the overspend related to a savings target not yet delivered. Further work is being undertaken to meet the target by a specialist Project Officer to identify further efficiency savings.	 +0.180 +0.398

Adult Social Care	
Purchasing budgets – pressures on care costs from both price and demand had been reported throughout the year. The Service have a cost improvement plan with the aim of reducing the overspend in 2018/19.	+4.313
Purchasing budgets – income from client contributions, funding from the CCG and grant funding.	-4.373
Community Safeguarding & Social Work – employee related savings**.**	-0.148
Community Early Help – employee related savings due to vacant posts.	-0.441
Governance, Procurement & Commissioning	
Strategic Procurement – the underspend mainly related to employee savings including vacant posts.	-0.139
Health & Wellbeing	
Public Health – employee savings arising from a service restructure delivered earlier than budgeted.	-0.122
Public Health – performance against contracts was lower than budgeted which led to an underspend during 2017/18.	-0.347
Customer & Neighbourhood Services	
Winter Maintenance – costs associated with additional gritting during snow and cold weather.	+0.360
Engineering Service – income shortfall from Engineers fees, net of savings from vacant posts. A review of the service took place during 2017/18 and a new structure was implemented which together with operational savings will reduce costs; a revised income target has also been agreed in the 2018/19 budget to resolve the ongoing pressure.	+0.154
Highways – additional income received from road closures, Fixed Penalty Notices and Section 74 relating to the new Roads and Street Works Act.	-0.143
Highways – additional staff costs to cover vacant posts.	+0.107
Waste – overspend due to increased tonnages for waste transport, treatment and disposal offset by reductions in tonnages for sweeping, green waste and collection costs.	+0.155
Contract Procurement Costs – one off benefit of capitalisation using time limited Government flexibilities.	-0.150

Housing Benefit - recovery of housing benefits overpayments arising from proactive work undertaken by the benefits team. **Public Protection** – staff savings due to service changes implemented.	-0.508 -0.115
Commercial Services **Housing, Nuplace & Commercial Projects** – restructure savings delivered early and one off savings from vacancy management. **ICT** – overachievement of income from project delivery and selling of services. **Admin Buildings** – underspend related to NNDR refunds and reduced maintenance costs. **Catering** – pressure arising from higher than anticipated levels of price inflation on food costs; mitigating steps have been taken throughout the year including revised menu choices. The Service Area will continue to monitor and implement a cost improvement plan in 2018/19. **Catering** – capitalisation of catering upgrade costs using time limited Government flexibilities. **Leisure Services** – Ice Rink income shortfall which follows a national downturn in skating. A number of initiatives and promotional activities have been undertaken which has improved the position towards the end of the year and will continue into 2018/19.	 -0.114 -0.105 -0.301 +0.128 -0.163 +0.136
Corporate Items **Purchase rebates –** rebates from corporate contracts.	 -0.130

In April 2018 Cabinet, at the request of full Council, determined to initiate an independent inquiry into child sexual exploitation within the Borough. There is no timetable for this process to be completed as yet but a provisional estimate of £350,000 has been set aside, in an ear marked reserve, to meet the costs of the Inquiry.

3. International Accounting Standard Note No 19 – Retirement Benefits

The objectives of IAS 19 are to ensure that:

- financial statements reflect at fair value, the assets and liabilities arising from an employer's retirement benefit obligations and any related funding;
- the operating costs of providing retirement benefits to employees are recognised in the accounting periods in which the benefits are earned by the employees, and the related

finance costs and any other changes in the value of the assets and liabilities are recognised in the accounting periods in which they arise; and
- the financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

Overall the deficit on the Council's share of the pension fund has decreased by £16.76m; this has been as a result of a change to actuarial assumptions to calculate the future value of scheme liabilities. The estimated contributions expected to be paid into the Local Government Pension Scheme next year are £14.931m (comprising contributions of £11.209m plus a lump sum payment of £3.722m). Following the valuation at 31/3/17 the contribution rate was increased to 14.1% for 2017/18 and subsequent years, this is supplemented with a lump sum payment as stated above.

4. Capital Outturn 2017/18

The Council spent £85.54m on capital projects during the year, an underspend of £16.11m against budget within the year, although this will be re-phased into future years. The detail is shown in the table below:

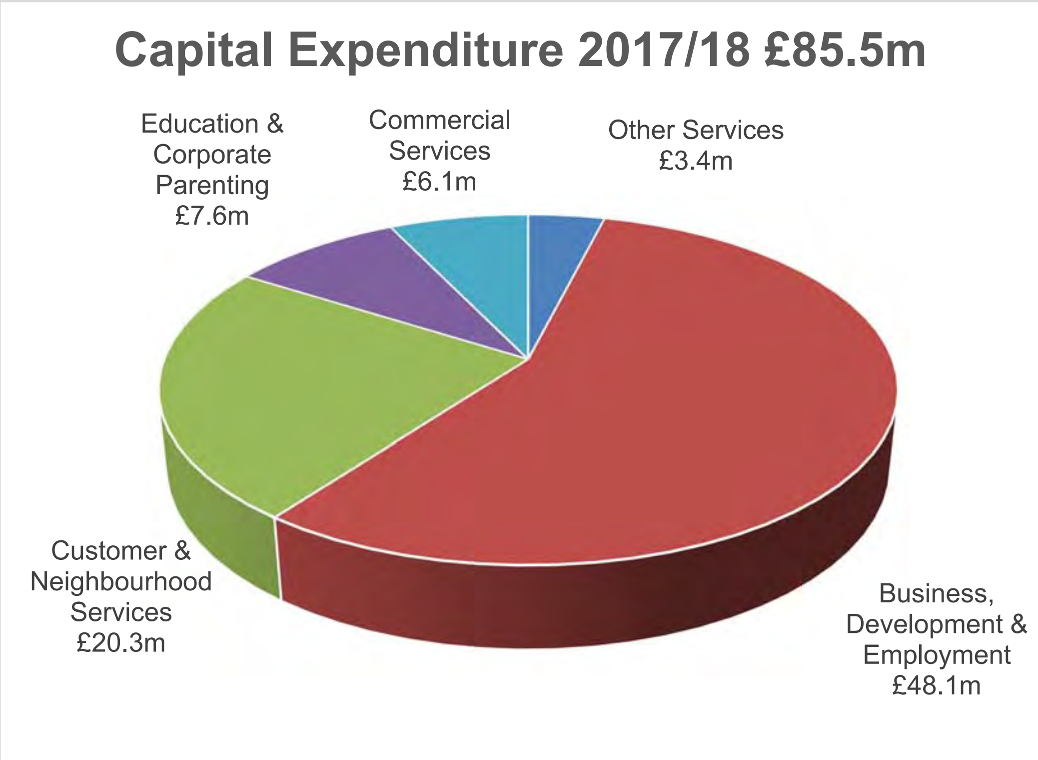
Policy Area	**2017/18 Approved Budget £m**	**2017/18 Expenditure £m**
Adult Social Care	1.15	0.72
Health & Wellbeing	0.39	0.34
Business, Development & Employment	52.20	48.09
Customer & Neighbourhood	22.41	20.27
Education & Corporate Parenting	10.23	7.57
Commercial Services	7.91	6.14
Governance, Procurement & Commissioning	0.53	0.34
Cooperative Council	2.10	0.01
Finance & HR	4.73	2.06
Total	**101.65**	**85.54**
Funded by:		
Prudential Borrowing	56.78	52.55
Capital Receipts	7.44	2.25
Government Grants	24.26	21.30
Revenue	3.67	1.42
Other External Sources	9.50	8.02
Total	**101.65**	**85.54**

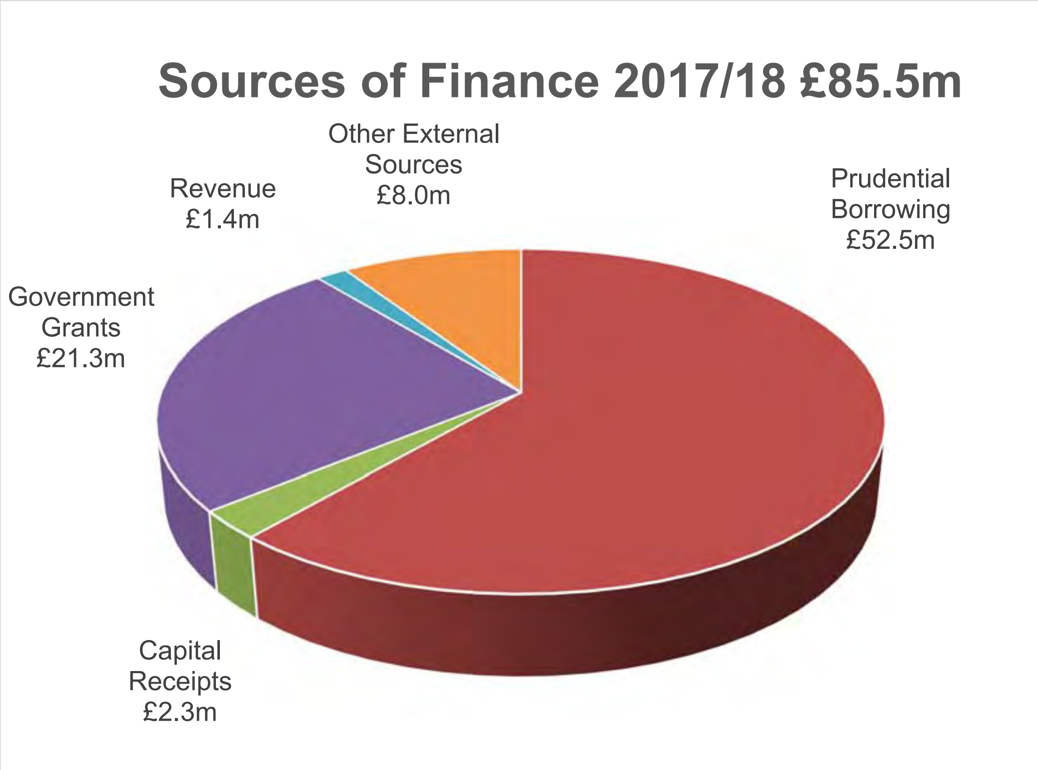
The Council has ready access to borrowings from both the Money Markets and Public Works Loans Board (PWLB), who also act as a lender of last resort to Councils (although it would not provide funding to a Council whose actions are unlawful).

Overall the Council's net indebtedness is £227.8m at 31st March 2018 which is an increase of £34.1m from the previous year.

The Council has a 28 year (from 2006/7) PFI contract in place for the building and servicing of school and leisure facilities at Hadley Learning Community and Queensway (which provides Education, Health and Social Care packages) for £289m. The costs of the contract are being met from a combination of Government support, school contributions and Council support. The Council has approved a budget strategy which makes provision for its commitments. In 2017/18 the Authority made payments of £10,207,037 (£10,019,382 in 2016/17) in respect of this PFI contract with Interserve Limited. The Authority is committed to making payments estimated at £9,071,500 per annum (index linked, starting point September 2006) until the contract expiry date of 2034 and receives £5.9m per annum from the Government to help offset this cost.

The following two charts show Capital Spend by Service for 2017/18 and how it is funded.





5. Provisions (see Note 27)

Severance Costs – the accounts include a provision to meet committed severance costs which relate to the ongoing restructuring programme which is part of the Council's strategy for delivering savings. The amount in the provision at 31 March 2018 was £0.5m.

Single Status – Single Status is a national pay and conditions agreement for staff employed under NJC terms and conditions, who form a significant proportion of the Council's workforce. The agreement is effective from 1st April 2007, however the process is not yet complete and it has been necessary to include a provision against the potential costs in the 2017/18 accounts, as was the case last year and previous years. The amount in the provision at 31 March 2018 was £15.8m, £3.4m relates to schools, (31 March 2017 was £16.0m, £3.6m related to schools).

NDR Appeals – under the current arrangements for the retention of business rates, authorities are required to make a provision for refunding ratepayers who successfully appeal against the rateable value of their property on the rating list. Based on information relating to outstanding appeals provided by the Valuation Office, £7.8m is estimated as the amount required to set aside for this purpose at the end of 2017/18. Telford & Wrekin Council's proportion of this is £3.8m (49%).

Litigation Costs – A provision has been created for 2017/18 in respect of Litigation Costs. This is to cover the anticipated costs of a settlement reached with members of the Amalgamated Personal Property Searches (APPS) Group.

6. Achievements During 2017/18

Through 2017/18 Telford & Wrekin Council continued to drive the efficiency and effectiveness of its services:

People

Children and Adults

We want children to live safely at home but where they can't we want the very best for our children in care and care leavers. To this aim, we have seen the number of children on child protection plans reduce and, through the year, the number of children in care stabilise and start to fall. We are working to do this in a child-centred, safe way through effective care planning focussed on 'best outcomes' for the child. One of the drivers of this change is our Family Solutions Service which work intensively with children and their families who are on the cusp of coming into care – this service development has been funded by an 'invest to save bid'.

An OFSTED inspection of Children's Safeguarding in June 2016 found that the service keeps young people safe and that thresholds for the service were correct. Importantly, this inspection found that "work with children & young people at risk of sexual exploitation is very strong [….] a champion for tackling this issue" a core priority for the Council and its partners. A key objective for the Council is for every child to be in a good or outstanding school and making at least good progress.

Overall, 84% of children attend a school which is judged as good or outstanding by OFSTED. Whist overall a positive picture, there are a small number of secondary schools which need to improve to achieve this level. Generally, the attainment of pupils at each of the Key Stages is at least in line with national averages and well above this across a number of individual indicators.

The Government has set targets which have been adopted by the Council to work with families who need additional support through the "Troubled Families" programme. This target of 354 families worked with was achieved in 2017/18.

A key part of our Adult Social Care strategy is to ensure that the right people get the right help, so that our limited resources are appropriately targeted at the most vulnerable in our communities. This is ever more critical as demand continues to grow on this service. From 1,547 new contacts into the service, 20% of people have needed a formal Care Act Assessment (December 2017). The other 80% have been provided with early information & advice and signposting to other agencies or the voluntary sector.

We continue to reduce the number of people who move into residential care enabling people to remain in their own home by meeting their needs using a range of support services, for example re-enablement following a period of ill health or hospital admission, assistive technology as well as domiciliary support. We have some challenges around the long-term impact of our approach to re-enablement when we compare our rate to other local authorities. However, our work with partners around GP surgeries is helping us improve our performance.

The pressures within the NHS are well rehearsed. It is essential that we continue to play our part by ensuring that people who are ready to leave hospital are enabled to do so. We are successfully supporting this as measured by "Delays in Transfer from Hospital". Our performance is better than both the national and regional rates.

Health

Improving the health and lifestyle of the population remains a significant challenge in the Borough. Although there are still areas of challenge, progress continues to be made with breastfeeding initiation, reducing smoking and reducing excess weight. We are pleased that teenage pregnancy is the lowest it has ever been, but again, this remains a local priority.

Places

Our 'Pride in Our Community' Programme is the core driver of our approach to this priority with the Council investing £45m, spread over a 3 year programme to maintain and improve the green spaces, neighbourhoods, street lighting, roads, structures and footpaths across the borough. As a result:

- We are 2nd out of 104 highway authorities for overall satisfaction for Highway Services as part of the NHT Annual Survey 2017.
- The condition of our major A, B and C Roads are all above regional and national averages. The A Roads are some of the best maintained in the Country.
- Journey times are 2nd best in the country for Local Authority A Roads.
- We are half way through the borough-wide deployment of our LED street lighting programme and are on track to achieve over £300K per annum savings in energy by 2019.
- We are achieving our waste recycling targets and our new Household Recycling Centre at Hortonwood is getting excellent customer feedback and usage. We have virtually no landfill left in our Borough with all household waste either being recycled or being burnt for energy usage.

In addition to Pride funding, we have secured significant external investment in the road infrastructure to support job creation and housing growth. This is essential to sustain the quality of our roads and sustain journey times:

- Delivered £17.4m Growth Point Package,
- £5.2m Eastern Gateway,
- £1.9m Telford Bus Station,
- £12.3m Telford Town Centre Connectivity Project, and
- £9.3m Newport Innovation and Enterprise Package

Core to supporting our Place Agenda is our enforcement activity – over the past 12 months we have refocused this to sharpen its impact. This is a broad agenda ranging from the prosecution of private landlords who rent out dangerous or sub-standard properties, to utility companies working on our highways who breach their licence conditions through to the prosecution of a minority of people who commit environmental crime and anti-social behaviour activity. To underpin this, we have invested significantly in staff training and the delegation of enforcement powers to key officers to allow them to issue fixed penalty notices but also giving them powers to gather evidence correctly should we need to undertake prosecutions for more serious and persistent offenders.

Economy

We continue to see strong business investment inquiries which are translating into investment into the Borough. Advanced manufacturing remains core to this as does ICT and digital services. Key foreign companies that have invested into the Borough include:

Company	Sector	Jobs (c.)	Origin
Cosma (Magna International Inc)	Manufacturing	300	Canada
Incessant Technologies	IT Services	30	India
Logical Plastic UK	Manufacturing	70	United Arab Emirates
CSA IT Services Limited	IT Services	10	Turkey
MyHotelUpgrade	IT Services	10	Ireland
Travel Forum Ltd	IT Services	10	South Africa
Choicemaster Limited	IT Services	20	South Africa
Capgemini	IT Services	30	France
Polytec	Manufacturing	150	Austria
Total investments 9		630	

Growing and diversifying our business base and providing the conditions for new businesses to grow, is a core objective. To this aim, business births exceeded deaths in 2016/17 for the 3rd consecutive year. We are investing to create the opportunities to support new businesses, including the delivery of new start up/incubation space via land acquired at Hortonwood West where the Council is investing profit share earnt through the success of Telford Land Deal and Newport Innovation Park. This is alongside investment into site preparation and power upgrades to support investors acquiring suitable land quickly.

Fibre broadband infrastructure is key to the economic growth of the borough and underpins the benefits that digital connectivity brings. 98% coverage has been achieved and the authority is committed to getting quality broadband to as many as possible in a journey to 100%. Other existing initiatives beyond the build programme are in place and new opportunities are being explored over the coming months.

We continue to provide coordinated business support to companies across the Borough working effectively with the Marches LEP. We exceeded our 2016/17 outturn (900) for business support in the first 6 months of 2017/18 with 1,052 SME supported via the Marches Business Support Programme and 35 start-ups (retail; IT; office services).

Organisation

In December 2015, the Managing Director launched an organisational strategy 'Being the Change' to ensure the organisation was ready to meet the ongoing service and financial pressures it faces (see Section C of the Narrative Report). The four themes of this strategy have informed the development of the Council's Efficiency Strategy.

By the end of 2017/18, the Council had delivered budget savings of £110,000,000. These savings are ongoing, meaning that they have to be made every year and that each year the Council now has around £1,500 less to spend on delivering services for every household in the Borough.

We have developed a track record of taking on new ventures to deliver income to the Council and protect front-line services:

- A solar farm providing £4.4m profit over 25 years.
- Established "NuPlace", a housing company which will provide around 400 new homes for private and affordable rent, with 232 occupied as at 31 March 2018.
- Established a Growth Fund to invest in development of premises for businesses to encourage job creation and retention as well as generating additional rental income and business rates income.

"Securing external funding" – again we have successfully driven this agenda, including £25.15m through the Marches Local Enterprise Partnership Local Growth Fund. In addition, we have also joined the ***West Midlands Combined Authority (WMCA)*** and are actively working through this to maximise future opportunities for the Borough to build on the £3.7m already secured from the WMCA. The £3.7m grant we have secured is to kick-start building new homes on stalled brownfield sites in the borough. This brings many benefits – it will see around 540 new homes built as well bringing "derelict" brownfield land back into use and create 240 jobs. Work on these sites has stalled because of high costs for developers to remediate the land. The grant is the equivalent to almost 150 years of WMCA membership fees for the Council. When constructed these new homes will generate additional ongoing income for the Council from Council Tax of over £0.5m pa and New Homes Bonus grant of a similar amount for the first 4 years after construction.

F. STRATEGIC OUTLOOK

The Council has a rolling service and financial planning process. This was updated for 2018/19 formally by reports to the Council's Cabinet in January and February 2018 with final decisions taken at Full Council on 1st March 2018.

A new approach to developing savings proposals is now in place which means that proposals are developed as soon as they arise and consultation and engagement with our community and partners takes place throughout the year in a more meaningful and timely way to deliver more creative solutions. From the ongoing engagement with local people over many years, we know that the people of Telford & Wrekin want to live: - in a safe community; in a clean environment; in a place with good roads and pavements; where there are first class schools and education facilities; where there are excellent and accessible hospital and GP services; where they have a job and there is a thriving economy. These local priorities form a basis for resource allocation as part of the Service & Financial Planning process.

The decisions on the medium term budget strategy at 1 March 2018 Council reflect the outcome of consultation following publication of the draft strategy on the 4 January 2018.

The provisional funding settlement for 2018/19 was announced very late, on the 19th December 2017, followed by the final settlement on the 6th February 2018; as anticipated the Council faced a very significant reduction in funding. After delivering £110m of savings over the previous 9 years, further savings of over £7m are required in 2018/19.
The agreed strategy for 2018/19 to meet the savings requirement and to continue to invest in the area to support both the community and businesses is:

- a savings package delivering an additional £7.6m from general fund budgets;
- funding for unavoidable service pressures totalling £4.1m, comprising £2.2m for Adult Social Care and £1.9m for Children's Safeguarding;
- A commitment to work with partner organisations to seek new solutions to deliver services to minimise the impact of cuts;
- To continue to deliver jobs and investments and provide additional income business rates, council tax and New Homes Bonus.

The decision has been made to increase council tax by 3.2% for 2018/19, which includes the 2% Adult Social Care precept introduced by the Government in 2016/17. As a result, the Council Tax for Council Services in 2018/19 (Band B) is £980 per year (Band B is the typical band for Telford & Wrekin, Band D is £1,261). The medium term strategy assumes an increase of 3.2% in 2019/20 to match the period of the Government's Spending Review and commitment of 4 year settlements.

2018/19 Net Revenue Budget - £m	
2018/19 Total Net Revenue Spend	**121.067**
Funded From:	
Government Grant (incl. RSG and Top Up)	18.701
Retained Business Rates (incl. S31 grant)	37.892
Council Tax	62.530
Collection Fund Surplus	1.944
Total Funding	**121.067**

Full Council approved the medium term financial strategy on the 1st March 2018 (available on the Council's web site).

G. LOOKING AHEAD

Despite the Government's Four Year Grant Settlement, the funding outlook for the medium term is very uncertain due to the impact of the proposed changes which are in the pipeline. These include -

- the Fair Funding Review underway which is the most significant and fundamental change to local government financing in recent times and encompasses reviewing the Relative Needs formulae, and
- moving to at least 75% Business Rates Retention combined with the transfer of extra responsibilities and Functions to local authorities.

Currently the design of the new system is subject to consultation and no detailed information for individual authorities is likely to be known until late 2019. It is therefore not possible to have any real certainty on the further cuts that we will face, however it is anticipated that we will need to identify further savings between £20m-£25m over the period 2019/20 to 2020/21. This would bring the total savings to around £140m by the end of this period. However, as stated earlier, there are so many changes proposed to the local government finance system that the position for future years is very difficult to assess at the current time. It is clear that the financial climate ahead will still be one of significant financial challenge with further cuts to Local Government Finance being likely.

H. BASIS OF PREPARATION

Group Accounts – The Council's wholly owned Housing Investment Company, NuPlace Ltd, was incorporated on 1 April 2015. These accounts consolidate the Council and NuPlace's financial statements for both 2016/17 and 2017/18. The accounts for 2017/18 include an increased number of transactions as NuPlace's trading continues to grow.

The Council has examined the relationship with other partners including West Mercia Energy (see note 59 to the accounts) and have concluded that group accounts only need to be prepared in respect of NuPlace.

I. STATEMENT OF ACCOUNTS – EXPLANATORY OVERVIEW

The Statement of Accounts features five main statements reporting on the Council's core activities plus Group Accounts:

- the Expenditure and Funding Analysis;
- the Comprehensive Income and Expenditure Statement;
- the Movement in Reserves Statement;
- the Balance Sheet;
- the Cash Flow Statement; and
- Group Accounts

The purpose of each is briefly described within this narrative report and they are followed by notes explaining the statements and any specific restatements required.

The main statements are supplemented by the Collection Fund Account, which receives all council tax and business rates income before passing this income to the Council, the Government, Shropshire Combined Fire Authority and the West Mercia Police & Crime Commissioner as appropriate.

The Council's accounts for the year 2017/18 are set out in the remainder of the report. They consist of:

... **The Expenditure and Funding Analysis** - shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the local authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. This shows an adjustment of £57.181m to move from an underspend of £0.150m to a deficit of £57.031m in the Comprehensive Income and Expenditure Statement.

... **The Comprehensive Income and Expenditure Account** - covering revenue income and expenditure during the year on all Council services. This statement reports on how the Authority performed financially during the year and whether its operations resulted in a surplus or deficit. This shows a deficit for the year of £57.031m compared with the outturn report which shows an underspend of £0.150m. The reasons for this difference relate to technical transactions required to put the accounts on an IFRS basis, including capital grants offset by losses on disposal of fixed assets, depreciation, Revenue Expenditure Financed from Capital Under Statute (REFCUS), impairments and pensions. **These adjustments do not impact on either General Fund Balances or Council Tax.**

... **The Movement in Reserves Statement** - which brings together recognised movements in and out of Reserves including the General Fund Balance (which stands at £4.807m at 31st March 2018). This statement represents the Authority's net worth and shows its spending power. Reserves are analysed into two categories: usable and unusable.

... **The Balance Sheet** - this is a "snapshot" of the Authority's financial position which sets out the financial position of the Council on 31st March 2018 and shows net assets for the Council of £20.837m, a decrease from £41.865m for the previous year.

... **The Cash Flow Statement** - summarises the inflows and outflows of cash arising from both revenue and capital transactions with third parties, analysing them into operating, investing and financing activities, and shows a net reduction in Cash and Cash Equivalents of £0.287m.

- **The Notes to the Core Financial Statements** - provide further information supporting the financial statements including the Statement of Accounting Policies and provide further detailed information on specific items.
- **The Collection Fund** - the statutory account in which income from business rates and council tax is held temporarily, pending payment to the precepting authorities. There is a decrease on the council tax fund balance of £0.872m for the year and the Council's share of the surplus was £2.280m at 31st March 2018. The localisation of business rates means that we also show similar information in respect of this. The business rates show a decrease in the balance on the account for the year of £2.566m and the Council's share of the surplus was £0.396m at 31st March 2018.
- **Group Accounts** - consolidates the Council's accounts with those of NuPlace Ltd, the Council's wholly owned Housing Investment Company, to give an overall picture of the Council's activities.

These accounts are supported by the Statement of Responsibilities, which follows this narrative report.

J. FURTHER INFORMATION

Further information is contained in the Council's Service & Financial Planning Strategy, which is available from the Corporate and Capital Finance Team, Addenbrooke House, Telford, [contact Pauline Harris on 01952 383701].

In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press and on the Council's website.

Details of all purchases made by the Council costing over £100 are published on a monthly basis on the Council's web site.

The Councillor Code of Conduct requires that members notify the Council's Monitoring Officer of their financial and other interests, by completing a declaration of interests form. The register is open to inspection by the public and you can view copies of the Declaration of Interest forms on line from this page or they can be accessed from each individual Councillor's webpage and for further information, please contact Democratic Services on 01952 383211.

Further information in relation to Information Governance is presented to the Council's Audit Committee which can be found via the Council's web site.

Ken Clarke MBA CPFA
Chief Financial Officer

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Assistant Director: Finance, & Human Resources (Chief Financial Officer);
- manage its affairs to secure economic, efficient and effective use of resources, safeguard its assets and to approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice') is required to present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2018.

In preparing this statement of accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice.

The Chief Finance Officer has also:

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

CERTIFICATE OF THE CHIEF FINANCE OFFICER

I hereby certify that the Statement of Accounts on pages 3 to 123 complies with the requirements of the Accounts and Audit Regulations 2015.

Ken Clarke MBA CPFA,
Assistant Director
Dated: 24th July 2018

APPROVED BY AUDIT COMMITTEE

The Statement of Accounts was approved at a meeting of the Audit Committee on

Councillor Rob Sloan
Chair of Audit Committee
Dated: 24th July 2018

Annual Governance Statement 2017/18

1. Introduction

1.1 Under the Accounts and Audit Regulations 2015 the Council is required to produce an Annual Governance Statement to accompany the Statement of Accounts which is approved by the Audit Committee (those charged with governance). The Annual Governance Statement outlines that the Council has been adhering to its Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.

2. Standards of Governance

2.1 The Council expects all of its members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the formally adopted Codes of Conduct, Constitution, and policies of the Council as well as applicable statutory requirements.

3. Scope of Responsibility

3.1 Telford & Wrekin Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively to secure continuous improvement.

3.2 To this end the Council has a local Code of Corporate Governance to ensure that it is consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016 Edition). Within this code and to meet its responsibilities, the Council (members and officers) is responsible for putting in place proper arrangements for the governance of its affairs including risk management, the requirements of regulations[1] and ensuring the effective exercise of its functions.

3.3 The Council continues to review its arrangements against best practice and implement changes to improve the governance framework (including the system of internal control). During 2016 a new local Code of Good Governance was approved to meet the updated CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016 Edition) and this has been further updated for 2017/18.

4. The Purpose of the Governance Framework

4.1 The governance framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. The detail is included in the Local Code. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

4.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, priorities and objectives and can therefore only provide reasonable and not

[1] Regulations 6 1(b), 6 2(b), 6 3(b) and 4 of the Accounts and Audit Regulations 2015

absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to appropriately identify, quantify and manage the risks to the achievement of the Council's priorities, objectives and policies.

4.3 The governance framework has been in place at the Council for the year ended 31 March 2018 and up to the date of approval of the statement of accounts. It is on-going into 2018/19 but there will be appropriate reviews and updates during the year and beyond to support good governance, organisational change/revised service delivery and changes to legislation/regulations and good practice.

5. Review of Effectiveness

5.1 Telford & Wrekin Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements including the system of internal control. The review of the effectiveness is informed by:-

a) The senior managers within the authority who have responsibility for the development and maintenance of the governance environment;
b) The work of internal audit; and also
c) Comments made by the external auditors and other external review agencies and inspectorates.

5.2 The Cabinet monitors the effectiveness of the governance framework through the consideration of regular service and financial management information reports from senior management. Individual Cabinet Members receive regular feedback from senior officers in respect to their areas of responsibility on the progress of priorities and objectives. Issues of strategic and corporate importance are referred to the Cabinet.

5.3 The Council's Scrutiny function continues to review the development of policy, the decision making process and areas of concern. The subject areas for review are informed by community engagement, direct feedback to members from within the community, the results of review and inspection (both external and internal) and areas of policy being developed by the Council and the Executive.

5.4 The Internal Audit plan is informed by the Council's service and financial planning processes, strategic risk register, external inspection reports, external networking intelligence, the requirements of the External Auditor, comments from Senior Management and their opinion of the current state of the governance risk and internal control arrangements. During 2017/18 the Internal Audit team achieved 95% of their planned work (best practice is 90%) and this has been used with the relevant output from unplanned work to form their opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control framework.

5.5 Internal Audit report on a quarterly basis and also annually to the Audit Committee. The Audit Committee has asked for additional information during the year and requested Directors/Assistant Directors and Service Managers to attend to provide assurance on the management of risks and implementation of recommendations.

5.6 Adult Social Services have continued to provide updates on systems, financial management and the implementation of the cost improvement plan during the year to Members including the Audit Committee. To support the revised target operating model Adult Social Services has commissioned external support, management changes and the implementation of further restructures (including the business support function).

5.7 The Council has an Anti-Fraud & Corruption Policy, supported by a Speak Up Policy encouraging internal referrals. The Council has a zero tolerance policy in relation to fraud and corruption and it is service management's responsibility to ensure there are adequate controls in their areas to ensure the opportunities for fraud are minimised. It is everyone's responsibility to report suspicions and the Speak Up Policy supports this internally. Internal Audit along with the Investigations Team undertakes proactive fraud work based on a fraud risk register. Other specific anti-fraud and corruption activities are undertaken by Trading Standards. An annual report on these activities is presented to the Audit Committee.

5.8 The Audit Committee terms of reference also incorporates the review and monitoring of the Council's Treasury Management arrangements. Members of the Committee are kept up to date through awareness training on factors that influence/affect delivery of the strategy and during the year were provided with an update on the possible implications of Brexit by Arlingclose the Council's Treasury Management advisors.

5.9 The Council's performance management framework is monitored by SMT and has procedures in place which drive continuous improvement in performance.

5.10 The Council has continued to review its governance framework to gain assurance that its approach to corporate governance is both adequate and effective in practice and that sound systems of internal control are operating. These reviews have included the Constitution and associated policies, procedures, management processes and reporting arrangements.

5.11 The Council recognises the importance of Information Governance and formalised its Information Governance framework. The Information Governance Team has continued to report to the Audit Committee during the year including information on responses to information rights requests and data security breaches. During 2017/18 no enforcement action has been taken by the ICO against the Council in respect to data breaches. The Information Governance Team are leading on Council compliance with the General Data Protection Regulations due to be implemented on 25 May 2018.

5.12 Implementation of the ICT Strategy has continued including infrastructure upgrades, the ongoing roll-out of Office 365 and further security improvements particularly in response to spam, phishing/ whaling and Ransomware threats.

5.13 The Managing Director, Directors, Assistant Directors and Service Delivery Managers have signed annual assurance certificates confirming that the governance framework has been operating within their areas of responsibility, subject to the actions outlined in Annex 1.

5.14 The Accounts and Audit Regulations 2015 require a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit, management, other internal assurance services and the External Auditors' review of the work of Internal Audit. The Internal Audit Annual Report 2017/18 sets out the internal audit opinion and that the External Auditor has reviewed the work of Internal

Audit (and their contractor) in respect to the key financial systems for the 2017/18 final accounts audit.

5.15 The External Auditor's Annual Audit Letter 2016/17 (October 2017) included in its headlines:

- Value for Money conclusion – we issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 26 September 2017. This means we are satisfied that during the year the Authority had proper arrangements for securing economy, efficiency and effectiveness in the use of its resources. To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties. We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusions and considered the arrangements the Authority has in place to mitigate these risks. Our assessment identified that financial resilience is a significant VFM risk to the Authority.. The need for savings will continue to have a significant impact on the Authority's financial resilience. We have concluded that in 2016/17 the Authority has made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes to tax payers and local people.

- Audit opinion - we issued an unqualified opinion on your financial statements on 26 September 2017. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.

5.16 My Options Shared lives & My Options Community Support Services both were inspected by the regulating body the Care Quality Commission (CQC) and both received a 'GOOD' rating.

5.17 We have been advised on the implications of the review of the effectiveness of the governance framework by the Cabinet, Standards Committee, Audit Committee, Scrutiny, senior managers, Internal Audit and external review, and in our opinion conclude that the review of the governance arrangements provides a reasonable level of assurance that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Attached as Annex 1 is an agreed action plan to address any key governance issues and ensure continuous improvement.

5.18 Issues from the previous action plan that have been addressed or mainstreamed have been deleted and those that continue to be addressed are included in Appendix B

5.19 The Senior Management Team will monitor implementation of these actions and will report back to the Audit Committee in January 2019 and within next year's statement.

Richard Partington
Managing Director

Dated: 19th July 2018

Cllr Shaun Davies
Leader of the Council

Dated: 19th July 2018

Cllr Rob Sloan
Chair of Audit Committee

Dated: 24th July 2018

ANNEX1

ANNUAL GOVERNANCE STATEMENT ACTION PLAN FOR 2017/18 TO BE IMPLEMENTED 2018/19

No	Action	Lead Officer	Comments
1.	Continued strategic management of organisational change in respect to "Being the Change", continued reduced budgets, revised structures and commercial/ business approach which links to the continued development and implementation of revised governance framework.	Managing Director and SMT	"Being the Change" One year on document produced March 2017 and further actions to be taken during 2017/18. Being the Change Part 3 to be in place April 2018 Service and work force planning sessions took place in early 2018 and this has also been used to feed into the annual audit planning. Consultation on savings for 2018/19 and 2019/20 proposals will continue.
2.	Preparations for the revised external audit arrangements.	AD Finance & Human Resources/ AD Governance, Procurement & Commissioning	The PSAA procurement process is complete and T&W external auditors for 18/19 onwards are Grant Thornton. A meeting is to be held with them regarding their expectations. Continuing to work towards an updated final accounts timetable Draft accounts by 31st May (instead of 30th June) and audited accounts by 31st July instead of 30th September. Tender exercise underway for the recruitment of External Auditor to undertake benefit subsidy claim. This is due to be completed by June 2018.
3.	Implementation the Workforce Development plan, succession planning and priorities following restructure in Organisational Delivery & Development. Continue to update the management competencies, skills and associated training to meet revised	Managing Director & AD Finance & Human Resources	Learning & Development Manager is leading on this to support the organisation to embed workforce development plans, succession planning/single points of failure and training to support management competencies and skills. Human Resources policies have been prioritised and are being revised and renegotiated in line with these priorities. Corporate Workforce Development Plan has been agreed by SMT. AD's workforce plans are in place. Future Leaders programme is underway.

No	Action	Lead Officer	Comments
	organisational requirements. Review of Human Resources policies and procedures to support the priorities and organisational change. 121 framework to be adhered to across the Council		Top 10 L&D needs are being delivered. Leadership & Management programme to commence April 2018. New approach to apprenticeships is in place. This year's certificate identified that due to reduced staff there are single points of failure, this is being managed through the sharing of information and issues fed into learning & development plans. Future Leaders have devised a new 121 framework to be used in 18/19 .
4.	Continue to deliver the improved processes and associated governance to deliver savings and service improvements across Early Help & Support (includes Adult Social Services).	AD: Adult Social Services/ AD Governance, Procurement & Commissioning	A comprehensive reporting structure has been developed and is in place whereby, on a monthly basis, there is an officer Cost Improvement Plan meeting chaired by an Assistant Director to review progress. Teams have been assigned targets linked to the cost improvement plan. These targets will be used to determine sufficiency plans for placements over a four year period. There is a detailed Financial Monitoring Summary produced by the Finance Team and progress is reported to a Managing Director Challenge Group (chaired by the Managing Director with the Director for Children's and Adults Services, two Assistant Directors and a representative of the s151 officer). Following this progress is reported to a Member Challenge Group attended by the MD Challenge Group portfolio holder for Children & Adults, the portfolio holder for Finance, Commercial Services and Economic Development and the Chair of the Health & Adult Social Care Scrutiny Committee The Brokerage and Contract teams will focus upon driving out further efficiencies through effective procurement. The Council will continue to develop the usage and governance of the Better Care Fund. A project structure including governance and resources has been agreed by SMT for the implementation of one ICT system for children's and adults services over the next 2 years. Procurement costs have been minimised by joint working with Shropshire Council.

No	Action	Lead Officer	Comments
5.	Implement the governance aspects of the improvement plans arising from external reviews	Director: Children's & Adult Services and Director – Customer, Neighbourhood & Well-Being Services	Any governance issues arising from other external reviews during 2017/18 will be monitored by Senior Management.
6.	Ensure that senior management (including SDM's) engage and supports the implementation of the GDPR information governance requirements within their service areas.	SIRO/SMT & SDM's	Information on requirements has been provided to SMT and has been updated. SMT have agreed a GDPR implementation plan which will be discussed at all management teams over the next few months. An intranet page has been developed and Learning & Development are supporting Ollie modules based on guidance produced. May 2018. This year's certification process shows that service areas are reviewing their processes to ensure compliance with GDPR.
7.	Ensure that the website contains relevant current information and is kept up to date.	AD Customer & Neighbourhood Services	There is a new Intranet being implemented across the council, it has been identified as part of this year's certification process that teams are waiting for this update to avoid duplication. Training has been provided for authors as to how they can update their intranet pages following implementation of the new system. It has also been identified that Service areas are reviewing webpages to ensure they are GDPR compliant
8.	Continue to develop and implement appropriate governance arrangements to support commercial projects.	Managing Director & SMT	Governance processes in place and robust business cases and funding approvals are required for all activities. Work on-going on this action.

Auditors' Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELFORD AND WREKIN COUNCIL

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Telford and Wrekin Council ('the Authority') for the year ended 31 March 2018 which comprise the Authority and Group Expenditure and Funding Analyses, the Comprehensive Income and Expenditure Accounts, the Authority and Group Balance Sheets, the Authority and Group Movement in Reserves Statements, the Authority and Group Cash Flow Statements, the Collection Fund and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31 March 2018 and of the Authority's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Authority in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information published with the financial statements

The Chief Financial Officer is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

Chief Financial Officer's responsibilities

As explained more fully in the statement set out on page 27, the Chief Financial Officer is responsible for the preparation of the Authority's 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 2017/18. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Authority's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Authority and the Group will continue in operational existence for the foreseeable future.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Telford and Wrekin Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether Telford and Wrekin Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Telford and Wrekin Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Statutory reporting matters

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014;
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, 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 members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

Due to work on the WGA Return not being completed by the date of the audit report

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Ian Pennington
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

Dated: 31st July 2018

Expenditure & Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the local authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. See Note 7.

2016/17				2017/18		
Net Expenditure Chargeable to the General Fund Balance £000	Adjustments Between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income & Expenditure Statement £000	SERVICE	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments Between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income & Expenditure Statement £000
47,267	(464)	46,803	Adult Social Care	44,348	3	44,351
13,430	4,269	17,699	Business, Development & Employment	812	15,773	16,585
1,260	(1,492)	(232)	Co-Operative Council	1,362	(2,349)	(987)
3,573	(1,434)	2,139	Commercial Services	9,443	(670)	8,773
7,009	3,643	10,652	Council Wide	1,454	6,104	7,558
31,631	(27,958)	3,673	Customer & Neighbourhood Services	31,120	(15,485)	15,635
13,941	(15,338)	(1,397)	Education & Corporate Parenting	17,526	(11,243)	6,283
(27,050)	32,195	5,145	Finance & Human Resources	(18,266)	18,903	637
3,059	(59)	3,000	Governance, Procurement & Commissioning	3,470	31	3,501
1,731	(927)	804	Health & Well-being	1,624	110	1,734
26,428	464	26,892	Safeguarding & Early Help	29,312	(722)	28,590
122,279	**(7,101)**	**115,178**	**Net Cost Of Services**	**122,205**	**10,455**	**132,660**
(122,446)	15,297	(107,149)	Other Income & Expenditure	(122,355)	46,726	(75,629)
(167)	**8,196**	**8,029**	**(Surplus) or Deficit**	**(150)**	**57,181**	**57,031**
4,490			Opening General Fund Balance	4,657		
167			Surplus or (Deficit) for year	150		
4,657			**Closing General Fund Balance**	**4,807**		

Comprehensive Income and Expenditure Account

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

SERVICE	2016/17 Gross Expenditure £000	2016/17 Income £000	2016/17 Net Expenditure £000	2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Net Expenditure £000
Adult Social Care	62,218	15,415	46,803	63,276	18,925	44,351
Business, Development & Employment	25,526	7,827	17,699	30,252	13,667	16,585
Co-Operative Council	1,766	1,998	(232)	1,729	2,716	(987)
Commercial Services	18,534	16,395	2,139	23,748	14,975	8,773
Council Wide	21,050	10,398	10,652	16,538	8,980	7,558
Customer & Neighbourhood Services	116,249	112,576	3,673	116,587	100,952	15,635
Education & Corporate Parenting (Note 8 provides details of DSG)	118,747	120,144	(1,397)	127,532	121,249	6,283
Finance & Human Resources	12,377	7,232	5,145	8,086	7,449	637
Governance, Procurement & Commissioning	10,019	7,019	3,000	10,799	7,298	3,501
Health & Well-being	20,540	19,736	804	18,509	16,775	1,734
Safeguarding and Early Help	27,537	645	26,892	29,731	1,141	28,590
Net Cost of Services	**434,563**	**319,385**	**115,178**	**446,787**	**314,127**	**132,660**
Other Operating Expenditure (Note 9)			(1,348)			37,830
Financing and Investment Income and Expenditure (Note 10)			19,714			11,021
Taxation & Non Specific Grant Income and Expenditure (Note 11)			(125,515)			(124,480)
(Surplus) or deficit on provision of services			**8,029**			**57,031**
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets			(2,641)			(3,091)
(Surplus) or deficit on revaluation of Available for Sale financial assets			0			(282)
Re-measurements of the net defined benefit pension liability (Note 12)			51,906			(32,630)
Other Comprehensive Income & Expenditure			**49,265**			**(36,003)**
Total Comprehensive Income and Expenditure			**57,294**			**21,028**

Movement in Reserves Statement

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

	General Fund Balance & Reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2016 carried forward	**59,301**	**2,860**	**62,161**	**36,998**	**99,159**
Total Comprehensive Income and Expenditure	**(8,029)**	**0**	**(8,029)**	**(49,265)**	**(57,294)**
Adjustments between accounting basis & funding basis under regulations (Note 14)	16,657	460	**17,117**	(17,117)	**0**
Increase/ (Decrease) in 2016/17	**8,628**	**460**	**9,088**	**(66,382)**	**(57,294)**
Balance at 31 March 2017 carried forward	**67,929**	**3,320**	**71,249**	**(29,384)**	**41,865**
Total Comprehensive Income and Expenditure	**(57,031)**	**0**	**(57,031)**	**36,003**	**(21,028)**
Adjustments between accounting basis & funding basis under regulations (Note 14)	70,665	(377)	**70,288**	(70,288)	**0**
Increase/ (Decrease) in 2017/18	**13,634**	**(377)**	**13,257**	**(34,285)**	**(21,028)**
Balance at 31 March 2018 carried forward	**81,563**	**2,943**	**84,506**	**(63,669)**	**20,837**

It should be noted that of the total £20.8m reserves, only £4.8m is uncommitted general fund balances. The remainder being unusable reserves, earmarked reserves and school balances. See note 30, 31 and 32.

Balance Sheet

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

31 March 2017 Restated £000		**31 March 2018 £000**	**31 March 2018 £000**
511,037	Property, Plant & Equipment (Note 15)	471,531	
71,617	Investment Properties (Note 16)	95,657	
2,346	Intangible Assets (Note 17)	2,081	
6,483	Long Term Investments (Notes 23,24,25)	9,265	
15,087	Long Term Debtors (Note 23)	25,917	
606,570	Total Long Term Assets		**604,451**
	Current Assets		
321	Inventories (Note 21)	323	
37,647	Debtors (Notes 22,23)	39,422	
7,474	Assets Held for Sale (Note 18)	14,213	
20,033	Cash and Cash Equivalents (Note 26)	19,746	
65,475		73,704	
	Current Liabilities		
(19,808)	Provisions (Note 27)	(20,160)	
(119,175)	Short term Borrowing (Notes 23,24)	(102,176)	
(58,670)	Creditors (Notes 23,28)	(64,507)	
(197,653)		(186,843)	
(132,178)	**Net Current Assets/(Liabilities)**		**(113,139)**
(100,873)	Less Long Term Borrowing (Notes 23,24)		(154,526)
(55,405)	Less Long Term Creditors (PFI & Finance Leases) (Note 23,29)		(53,282)
(275,500)	Less Pensions Liability (Note 12)		(258,739)
(749)	Capital Grants Receipts in Advance (Note 42)		(3,928)
41,865	**Net Assets**		**20,837**
71,249	Usable Reserves (Note 30)		84,506
(29,384)	Unusable Reserves (Note 32)		(63,669)
41,865	**Net Reserves**		**20,837**

Cash Flow Statement

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

2016/17		2017/18
£000		**£000**
8,029	Net (surplus) or deficit on the provision of services	**57,031**
(31,462)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 37)	**(90,921)**
54,056	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 38)	**46,096**
30,623	**Net cash flows from Operating Activities (Note 41)**	**12,206**
10,176	Investing Activities (Note 39)	**20,832**
(53,546)	Financing Activities (Note 40)	**(32,751)**
(12,747)	**Net (increase) or decrease in cash and cash equivalents**	**287**
7,286	Cash and cash equivalents at the beginning of the reporting period	**20,033**
20,033	**Cash and cash equivalents at the end of the reporting period (Note 26)**	**19,746**

Notes to the Core Financial Statements

1. Accounting Policies

a) General

The accounts have been prepared in keeping with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (COP), based on International Financial Reporting Standards (IFRS), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by a number of detailed accounting recommendations including interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and interpretations of the Standing Interpretations Committee (SIC). They are further supplemented by International Public Sector Accounting Standards (IPSAS) and United Kingdom (UK) Generally Accepted Accounting Practice (GAAP) comprising the Application of Statements of Standard Accounting Practice (SSAPs) Financial Reporting Statements (FRSs) and pronouncements of the Urgent Issues Task Force (UITF).

b) Concepts

These accounts have been prepared in accordance with the all-pervading concepts of accruals and going concern, together with relevance, reliability, comparability, understandability and primacy of legal requirements as set out in the COP. Under the going concern concept, although the Council has net current liabilities of £113m, it is a going concern as the Council has access to Public Works Loan Board borrowing and future Council Tax revenues. (See note 24 for detail on interest rate risk).

c) Accruals of Expenditure & Income

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Practice and IAS 18. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year.

d) Local Services Support Grant

Local Services Support Grant was introduced in 2011/12. The actual sum due for the year is shown in the accounts in line with the accruals concept.

e) Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Investments that are short-term are defined as highly liquid investments held at the Balance Sheet date that are readily convertible to known amounts of cash on the Balance Sheet date and which are subject to an insignificant risk of changes in value. Under this definition investments held in call accounts would count as cash equivalents but fixed term investments and investments in notice accounts would not, as they are not readily convertible to cash.

f) Contingent Asset

A contingent asset is a possible asset that arises for a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council. The Council does not recognise contingent assets, but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

g) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Council or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Council does not recognise a contingent liability but discloses its existence in the financial statements.

h) Employee Benefits

The accounting arrangements for Employee Benefits are covered by IAS 19. The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

The areas of remuneration that relate to the Council are as follows:

- Salaries and Wages
- Compensated Absences (paid annual leave and sick leave)
- Pensions Benefits
- Termination Benefits

Salaries and Wages

The amount of salary or wage earned by an employee will be recognised in the financial year to which it relates.

Compensated Absences

The expected cost of short-term compensated absences should be recognised as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

In relation to annual leave and time off in lieu an estimation of the value of any untaken annual leave and the time off in lieu position at the end of the financial year will be undertaken and an appropriate amount included in the accounts. Sick leave is non accumulating and is accounted for when absences occur.

Pensions Benefits

The Council participates in three formal pension schemes, the Local Government Pension Scheme, which is administered by Shropshire County Pension Fund, the National Health Service Pension Scheme and the Teachers' Pension Scheme administered by the Teachers' Pension Authority.

The pension costs that are initially charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. The Comprehensive Income & Expenditure account is adjusted by IAS 19 entries.

These costs have been determined on the basis of contribution rates that are set to meet the liabilities of the Pension Fund, in accordance with relevant Government regulations.

In accordance with standard accounting practice for local authorities, the additional costs that it would have been necessary to provide for in the accounts for the period under IAS 19 are included in the accounts and are disclosed by way of a note to the Core Financial Statements. See Note 12.

It should be noted that with effect from April 1993 arrangements have been set in place to ensure that 100% funding is achieved.

In accordance with International Accounting Standard No 19 – *Employee Benefits* (IAS 19) disclosures and transactions in relation to the assets, liabilities, income and expenditure related to pension schemes for employees are required. Valuation methods are in compliance with the 2017/18 COP. The information is only necessary in relation to the Local Government Pension Scheme, as it is not possible to identify any Authority's share of the assets and liabilities under the Teachers' scheme or the National Health Service scheme.

The age profile of this Council's Local Government Pension Scheme is not currently rising significantly, so we should not see the current liabilities of the scheme rising significantly as the members approach retirement.

Termination Benefits
Any termination benefits awarded during the financial year will be included in the Comprehensive Income and Expenditure Statement in that year. Where the amount has not been paid at the balance sheet date, a provision will be created in the accounts for that year.

i) Events After the Reporting Period

Where a material post balance sheet event occurs which

- Provides additional evidence relating to conditions existing at the balance sheet date; or
- Indicates that application of the going concern concept to a material part of the Authority is not appropriate;

Changes will be made in the amounts to be included in the statement of accounts or disclosed in a note.

j) Exceptional Items and Prior Period Adjustments

Exceptional items are material items which derive from events or transactions that fall within the ordinary activities of the authority, and which need to be disclosed separately by virtue of their size or incidence if the financial statements are to give a true and fair view.

Prior Period Adjustments relate to corrections of errors in the financial statements of prior periods, retrospective adjustments resulting from changes to accounting policy or adoption of new accounting treatments. The correct accounting treatment for prior period adjustments for a comparative financial statement is to restate the amount to be adjusted and show the impact on the accounts. Please see Note 2.

k) Financial Instruments

Investments are disclosed in the Balance Sheet at amortised cost.

Loans are shown in the accounts at amortised cost. Within the notes to the accounts the fair value of both loans and investments are shown.

l) Government Grants and Other Contributions

Where the acquisition of a fixed asset is financed either wholly or in part by a Government grant or other contribution, the amount of the grant or contribution is recognised in the comprehensive income and expenditure statement unless there is an outstanding condition, where it is transferred to capital grant receipts in advance until the condition is met or the grant is returned.

m) Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the Authority as a result of past events, and future economic benefits must be expected to flow from the intangible asset to the Authority. Usually within local authorities this relates to in house developed software.

n) Inventories and long term contracts

Stocks are valued in accordance with IAS 2 at current value with an allowance made for obsolescent and slow-moving items. Any long term contracts in existence at 31 March are apportioned to the year in relation to when the work was carried out rather than the year in which the contract was completed.

o) Investment Properties

Investment property is property (land or a building – or part of a building – or both) held solely to earn rentals or for capital appreciation or both, rather than for:
(a) Use in the production or supply of goods or services or for administrative purposes; or
(b) Sale in the ordinary course of operations.
These are revalued each year at Open Market Value. See Note 16.

p) Leases

The Council accounts for leases as Finance Leases when substantially all the risks and rewards relating to the ownership of the leased asset are transferred to the Council. Leases that do not meet this definition are accounted for as Operating Leases. The Council also operates as Lessor for its Property Investment Portfolio.

The use of leasing, together with the amount of rentals paid during the year and the undischarged obligation, is explained in note 51 to the Core Financial Statements.

Rentals payable under operating leases are charged to revenue on an accruals basis.

The cost of assets acquired under operating leases and the related liability for future rentals payable are not included in the balance sheet.

q) Non-current Assets Held for Sale

Assets are classified as being held for sale if the following conditions are met:

- 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.

r) Overheads

The revenue accounts for the various services include charges for the related support services. These are agreed annually and are based on agreed criteria. Support Services are fully allocated in line with CIPFA recommended practice.

s) Private Finance Initiative

The Council has one PFI scheme. An asset has been recognised and a long term financial lease creditor created to reflect the asset in the accounts and recognise the commitment to make future payments to the operator. Further information on PFI is included in the following section.

t) Property, Plant & Equipment

All expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis in the accounts. Expenditure on property, plant and equipment is capitalised, provided that the fixed asset yields benefits to the Authority and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance of property, plant and equipment, which is charged direct to service revenue accounts.

Property, plant and equipment are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institute of Chartered Surveyors (RICS). The Council, under De Minimis, excludes assets from its register with a value below £10,000. Property, plant and equipment are classified into the groupings required by the Code of Practice on Local Authority Accounting and valued on the following bases:

- land, operational properties and other operational assets are included in the balance sheet at the lower of net current replacement cost or net realisable value.
- non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at the lower of net current replacement cost or net realisable value. In the case of investment properties, this is normally open market value.
- infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation.

Revaluations of property, plant and equipment are planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period, as they occur. Surpluses or deficits arising from revaluation are credited or debited to the revaluation reserve respectively as long as there is a sufficient balance on the reserve in respect of deficits. Where there is an insufficient balance or a clear consumption of economic benefits, deficits are charged to the income and expenditure account as impairments.

Assets acquired under finance leases are capitalised in the Authority's accounts, together with the liability to pay future rentals. Other assets previously acquired under advance and deferred purchase schemes are also recognised and included in the balance sheet.

Income from the disposal of property, plant and equipment is accounted for on an accruals basis. Such income that is not reserved for the repayment of external loans and forms part of the capital financing account, and has not been used, is included in the balance sheet as usable capital receipts.

Expenditure on site clearance carried out prior to contract signature is capitalised as part of the Council's land value.

As at 31st March 2018 there were 3 significant capital contracts in place. These total £10.4m and are detailed in note 15.

The Council entered into a PFI transaction in March 2006 for the provision of school and leisure facilities at Hadley Learning Community and Queensway for £289m.

PFI 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. As 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 on the Balance Sheet the property, plant and equipment used under the contracts.

The original recognition of this property, plant and equipment was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. Property, plant and equipment recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

Amounts payable to PFI operators are analysed into five elements. Fair value for the services received in the year (debited to the appropriate service). Finance cost (debited to interest payable and similar charges). Contingent rent – increases in the amount to be paid for the property arising during the contract (debited to interest payable and similar charges). Payment toward liability (applied to write down the Balance Sheet liability towards the PFI operator). Lifecycle replacement costs (recognised as a fixed asset on the balance sheet).

u) Depreciation

Depreciation is provided for on all property, plant and equipment with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- newly acquired assets are depreciated from the start of the year after they are acquired, assets in the course of construction are not depreciated until the year after they are brought into use. Depreciation is applied in the year of disposal.
- depreciation is calculated using the straight-line method over its estimated life.
- depreciation is not provided for on Investment Properties.

v) Charges to Revenue in respect of Property, Plant and Equipment

General fund service revenue accounts, central support services and statutory trading accounts are charged with a capital charge for all property, plant and equipment used in the provision of services. The total charge covers the annual provision for depreciation and impairments. Where there is sufficient balance in the Revaluation Reserve, impairments are charged there, otherwise they are charged to the Revenue Account. The aggregate charge to individual services is determined on the basis of the capital employed in each service.

w) Provisions

The Council sets aside provisions for specific future expenses which are likely, or certain, to be incurred, based on the best estimate available.

x) Reserves

The Council maintains certain reserves to meet general, rather than specific, future expenditure. The purpose of the Council's reserves is explained in note 30, 31 & 32 to the Core Financial Statements.

The current system of capital accounting also requires the maintenance of two accounts in the balance sheet:

- the revaluation reserve, which represents principally the balance of the upward revaluations of property, plant and equipment and;
- the capital adjustment account, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on property, plant and equipment or for the repayment of external loans and certain other financing transactions.

y) Revenue Expenditure funded from Capital under Statute

Revenue Expenditure funded from Capital under Statute (formerly deferred charges) represents expenditure which may properly be capitalised, but which does not create tangible fixed assets. These are written off to the Income and Expenditure account in year.

z) Value Added Tax

Local Authorities pay VAT on purchases and charge VAT on supplies of goods and services. Usually the amount of VAT paid on purchases is greater than that received for goods and services and the difference is reclaimed. The figures included in the statement of accounts exclude VAT except in infrequent circumstances where it is not reclaimable.

aa) Direct Revenue Financing of Capital Expenditure

The Council is permitted by law to finance unlimited amounts of expenditure for capital purposes through its revenue accounts.

ab) Interest on Surplus Funds and Balances

All interest earned on surplus cash or funds and balances is taken to the General Fund, except appropriate interest that is credited to the school balances, section 106 agreements, commuted sums, insurance provision (Ex Shropshire Council) and certain Adult Social Care balances.

ac) Capital Receipts

Capital receipts from the disposal of assets are held in the usable capital receipts account until such time as they are used to finance other capital expenditure or to repay debt. During 2017/18, the Council funded £1.964m of expenditure in its Comprehensive Income and Expenditure Account from capital receipts under the Government's flexible use of capital receipts announced as part of the 2015 Spending Review.

ad) The Redemption of Debt

The Council makes provision for the repayment of debt in accordance with the Local Authorities (Capital Finance & Accounting) (England) (Amendment) Regulations 2008 and Explanatory Memorandum and Guidance.

The "Minimum Revenue Provision" (MRP) is calculated on the basis of the life of the asset and the ultimate funding of that asset. MRP is not charged until the year after the asset comes into operation.

ae) Estimation Techniques

Estimation techniques are methods adopted by the Authority to arrive at an estimated monetary amount, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at using an estimation technique.

af) Heritage Assets

Heritage assets are held or maintained principally for their contribution to knowledge and culture. They are initially recognised at cost if this is available. If cost is not available, values are only included in the Balance Sheet where the cost of obtaining valuation is not disproportionate to the benefit derived. For the Council's heritage assets no cost information is available and the cost of obtaining that value is disproportionate to the benefit.

A list of the Council's Heritage assets is included in Note 19.

The cost of maintenance and repair of heritage assets is written off in the year incurred.

ag) Carbon Reduction Commitment Scheme

The Authority no longer falls within the CRC scheme.

ah) Capitalisation Of Interest

Following a change in guidance the Council amended its policy on capitalisation of interest in 2013/14. Previously all interest has been charged to revenue in the year incurred, however, part of this interest cost relates to capital schemes under construction. With effect from 1 April 2013, interest costs relating to assets under construction will be capitalised, but only during the construction phase of the scheme. A threshold of £1m will be applied to this policy i.e. interest will only be capitalised for programme items where prudential borrowing exceeds £1m in year. This change in policy will generate revenue savings in the short term, but these will be offset by higher debt repayments in future years. For 2017/18 a total of £0.032m (£0.174m for 2016/17) was charged to capital rather than revenue.

2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted and Prior Period Adjustments

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

- IFRS 9 Financial Instruments, which introduces extensive changes to the classification and measurement of financial assets, and a new "expected credit loss" model for impairing financial assets. The impact will be to reclassify assets currently classified as loans and receivables, and available for sale to amortised cost and fair value through other comprehensive income respectively based on the contractual cashflows and business model for holding the assets. There are not expected to be any changes in the measurement of financial assets. Assessment of the Council's financial assets does not anticipate any impairment.
- IFRS 15 Revenue from Contracts with Customers presents new requirements for the recognition of revenue, based on a control-based revenue recognition model. The Council does not have any material revenue streams within the scope of the new standard.
- IAS 7 Statement of Cash Flows (Disclosure Initiative) will potentially require some additional analysis of Cash Flows from Financing Activities (disclosed at Note 40) in

future years. If the standard had applied in 2017/18 there would be no additional disclosure because the Council does not have activities which would require additional disclosure.
- IAS 12 Income Taxes (Recognition of Deferred tax Assets for Unrealised Losses) applies to deferred tax assets related to debt instruments measured at fair value. The Council's subsidiary company in the Group Accounts does not have such debt instruments.
- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases).

Prior Period Adjustments
There were no significant prior period adjustments in the accounts for 2017/18.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:
There is a high degree of uncertainty about future levels of funding for Local Government. However, the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

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

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

The items in the Authority's Balance Sheet at 31 March 2018 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
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings and equipment would increase by £3.0m for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £13.6m. However, the assumptions interact in complex ways.
Arrears	At 31 March 2018, the Authority had a balance of £46.087m for sundry debtors. The Council has set aside a bad debts provision of 14.5% (£6.665m) in relation to these. It is our view that this level of provision is sufficient.	If collection rates were to deteriorate, an increase in the provision of 5% would require an additional £2.3m to be set aside as an allowance.
Single Status	Single Status is a national pay and conditions agreement for staff employed under NJC terms and conditions, who form a significant proportion of the Council's workforce. The agreement is effective from 1st April 2007, however the process is not yet complete and it has been necessary to include a provision against the potential costs in the 2017/18 accounts, as was the case last year.	The costs in relation to the scheme could be lower or higher than the sum provided. If the costs are lower, then any excess in the provision would be transferred into the General Fund Balance. If the costs are higher than the provision then there will be an impact on general fund balances and future Council Tax increases.

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

5. Material Items of Income and Expenditure

Where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the nature and amount of material items are set out in the notes.

6. Events after the Reporting Period

The draft Statement of Accounts was authorised for issue by the Assistant Director on 24 May 2018. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. **Expenditure & Funding Analysis Note**

A. Adjustments between funding and accounting basis.

2017/18

	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Other* Adjustments £000	Total Adjustments £000
Adult Social Care	719	0	(716)	3
Business, Development & Employment	15,308	0	465	15,773
Commercial Services	(478)	0	(192)	(670)
Co-Operative Council	(8)	0	(2,341)	(2,349)
Council Wide	1,964	9,321	(5,181)	6,104
Customer & Neighbourhood Services	(16,755)	0	1,270	(15,485)
Education & Corporate Parenting (Note 8)	(5,411)	0	(5,832)	(11,243)
Finance & Human Resources	23,840	0	(4,937)	18,903
Governance, Procurement & Commissioning	5	0	26	31
Health & Well-being	(337)	0	447	110
Safeguarding & Early Help	0	0	(722)	(722)
Net Cost of Services	**18,847**	**9,321**	**(17,713)**	**10,455**
Other Income & Expenditure	33,641	6,548	6,537	46,726
(Surplus) or deficit on provision of services	**52,488**	**15,869**	**(11,176)**	**57,181**

* - Other Adjustments include technical adjustments for MRP, accumulated absences, revenue grants and movement in reserves.

2016/17

	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Other Adjustments £000	Total Adjustments £000
Adult Social Care	0	0	(464)	(464)
Business, Development & Employment	9,866	0	(5,597)	4,269
Commercial Services	(116)	0	(1,318)	(1,434)
Co-Operative Council	0	0	(1,492)	(1,492)
Council Wide	5,094	3,619	(5,070)	3,643
Customer & Neighbourhood Services	(28,506)	0	548	(27,958)
Education & Corporate Parenting (Note 8)	(7,695)	0	(7,643)	(15,338)
Finance & Human Resources	30,892	0	1,303	32,195
Governance, Procurement & Commissioning	(70)	0	11	(59)
Health & Well-being	(133)	0	(794)	(927)
Safeguarding and Early Help	0	0	464	464
Net Cost of Services	**9,332**	**3,619**	**(20,052)**	**(7,101)**
Other Income & Expenditure	(5,087)	7,328	13,056	15,297
(Surplus) or deficit on provision of services	**4,245**	**10,947**	**(6,996)**	**8,196**

B. Segmental Income

	2016/17 £000	2017/18 £000
Adult Social Care	15,598	19,217
Business, Development & Employment	19,352	19,104
Commercial Services	45,272	38,621
Co-Operative Council	1,998	3,598
Council Wide	9,728	9,726
Customer & Neighbourhood Services	88,400	85,887
Education & Corporate Parenting (Note 8)	118,796	123,190
Finance & Human Resources	41,727	35,413
Governance, Procurement & Commissioning	6,953	7,187
Health & Well-being	18,968	17,470
Safeguarding and Early Help	758	1,178
Net Cost of Services	**367,550**	**360,591**

8. Disclosure of deployment of 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). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2017/18 are as follows:

Schools Budget Funded By Dedicated Schools Grant

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2017/18			**137,685**
Academy figure recouped for 2017/18			**(29,396)**
Total DSG after Academy recoupment for 2017/18			**108,289**
Brought forward from 2016/17			**271**
Agreed budgeted distribution in 2017/18	15,026	93,534	**108,560**
In Year Adjustments	**0**	(79)	**(79)**
Final Budget Distribution for 2017/18	**15,026**	**93,455**	**108,481**
Actual Central Expenditure	(15,721)		**(15,721)**
Actual ISB deployed to Schools		(93,304)	**(93,304)**
Carry Forward to 2018/19	**(695)**	**151**	**(544)**

The in-year adjustment of £79,000 is derived from adjustments to early years funding made after the year end.

9. Other Operating Expenditure

2016/17 £000		2017/18 £000
3,489	Parish Council Precepts	4,003
250	Payment of RSG to Parishes	186
4,601	(Gains)/losses on the disposal of non-current assets – Academies and Trust Schools	48,024
(9,688)	(Gains)/losses on the disposal of non-current assets – Other Assets	(14,383)
(1,348)	**Total**	**37,830**

10. Financing and Investment Income and Expenditure

2016/17 £000		2017/18 £000
8,656	Interest payable and similar charges	8,813
7,328	Pensions interest cost and expected return on pensions assets	6,548
(20)	Interest receivable and similar income	(16)
3,710	Income and expenditure in relation to investment properties and changes in their fair value	(4,324)
40	Other investment income and expenditure	0
19,714	**Total**	**11,021**

11. Taxation and Non Specific Grant Income and Expenditure

2016/17 £000		2017/18 £000
(58,402)	Council tax income	(62,712)
(3,529)	Collection Fund Surplus/Deficit	(2,475)
(35,100)	Non domestic rates	(33,893)
(2,134)	Non domestic rates Top Up Grant	(4,364)
(26)	Local Services Support Grant	0
(24,899)	Revenue Support Grant	(18,457)
(1,425)	Section 31 Grant	(2,579)
0	Council Tax Freeze Grant	0
(125,515)	**Total**	**(124,480)**

12. Defined Benefit Pension Schemes Participation in Pension Schemes

In accordance with International Accounting Standard No 19 – *Employee Benefits* (IAS 19) the Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. Further information is contained in note 1(h) of the Accounting Policies.

The Council's share of the deficit on the Local Government Pension Scheme has reduced by £16.8m; this has been as a result of re-measurements on liabilities (due to changes in assumptions).

The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

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

The estimated contributions expected to be paid into the Local Government Pension Scheme next year is £14.931m (comprising contributions of £11.209m plus a lump sum payment of £3.722m). The contribution rate was set for 2018/19 at 14.1% (2017/18 14.1%), plus a lump sum. The combined rate for 2018/19 is estimated at 20.1%.

Actuarial Gains and Losses are recognised immediately through Other Comprehensive Income. As at the 31/3/18 the cumulative amount of actuarial losses recognised in the statements is £138.283m.

The Council's assets and liabilities related to the Local Government Pension Scheme operated by Shropshire Council amounted to:

2016/17 £000		**2017/18 £000**
(769,972)	Present Value of Funded Benefit Obligations	(768,018)
(10,421)	Present Value of Unfunded Benefit Obligations	(9,803)
(780,393)	**Total Present Value of Benefit Obligations**	**(777,821)**
504,893	Fair Value of Pension Fund Assets	519,082
(275,500)	**Surplus/(Deficit)**	**(258,739)**

Change in Benefit Obligation during year.

2016/17 £000		**2017/18 £000**
(633,381)	Benefit Obligation at Beginning of Year	(780,393)
(15,149)	Current Service Cost	(22,695)
(22,506)	Interest on Pension Liabilities	(19,335)
(4,298)	Member Contributions	(4,246)
(122,765)	Re-measurements (Liabilities)	31,481
(0)	Past Service Costs	(245)
(3,017)	Curtailment Cost	(549)
20,723	Benefits / Transfers Paid	18,161
(780,393)	**Benefit Obligation at End of Year**	**(777,821)**

Change in Plan Assets during year.

2016/17 £000		**2017/18 £000**
420,734	Fair Value of Plan Assets at Beginning of Year	504,893
15,178	Expected Return on Plan Assets	12,787
70,859	Re-measurements (Assets)	1,149
14,959	Employer Contributions	14,578
4,298	Member Contributions	4,246
(412)	Administration Expenses	(410)
(20,723)	Benefits / Transfers Paid	(18,161)
504,893	**Plan Assets at End of Year**	**519,082**

Statement of Gains and Losses

	2016/17 £000	**%**	**2017/18 £000**	**%**
Actuarial Gain/(Loss)	(51,906)	6.7% of liabilities	32,630	4% of liabilities
Actual Return on Plan Assets	88,982		8,937	
Experience Gains/(Losses) On Assets	70,859	14% of assets	1,149	0.2% of assets
Experience Gains/(Losses) On Liabilities	(26,525)	3.4% of liabilities	0	0% of liabilities

Assets are valued at fair value, principally market value for investments, and consist of:

2016/17			2017/18	
£000	**%**		**£000**	**%**
276,075	54.7%	Equity Investments	274,749	52.9%
30,496	6.0%	Government Bonds	39,295	7.6%
74,775	14.8%	Other Bonds	80,665	15.5%
22,468	4.5%	Property	25,643	5.0%
11,310	2.2%	Cash/Liquidity	10,382	2.0%
89,769	17.8%	Other	88,348	17.0%
504,893	**100.0%**	**Total**	**519,082**	**100.0%**

The expected rate of return on assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The expected returns are adjusted for risk and are appropriate to each of the asset classes weighted by the proportion of the assets in the particular asset class.

Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. The valuations are based on a valuation as of 31 March 2016 and updated for the following 24 months, by Mercer Human Resource Consulting, the independent actuaries to the fund. The next valuation is due at 31 March 2019. The main assumptions used in the calculations are:

2016/17		2017/18
2.3%	- rate of inflation (CPI)	2.1%
3.8%	- rate of increase in salaries	3.6%
2.3%	- rate of increase in pensions	2.2%
50%	- proportion of employees opting to take a commuted lump sum	50%
2.5%	- rate for discounting scheme liabilities	2.6%
	- longevity at 65 for current pensioners	
23.0	Male	23.1
26.2	Female	26.3
	- longevity at 65 for future pensioners	
25.2	Male	25.3
28.5	Female	28.6

Changes to the pension scheme permit employees retiring on or after 6th April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring will take maximum cash and 50% will take 3/80ths cash.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

Sensitivity Analysis as at 31/3/2018

Disclosure Item	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
		+0.1%p.a. discount rate	+0.1%p.a. inflation/ pensions	+0.1%p.a. pay growth	1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	777,821	764,224	791,660	779,895	792,855
Assets	(519,082)	(519,082)	(519,082)	(519,082)	(519,082)
Deficit/(Surplus)	258,739	245,142	272,578	260,813	273,773
Projected Service Cost for next year	21,027	20,405	21,675	21,027	21,464
Projected Net Interest Cost for next year	6,675	6,565	7,043	6,737	7,074

Scheme History

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Present Value of Liabilities	(529,543)	(644,054)	(633,381)	(780,393)	(777,821)
Fair Value of Assets	379,360	421,807	420,734	504,893	519,082
Surplus/(Deficit) on scheme	(150,183)	(222,247)	(212,647)	(275,500)	(258,739)
(Gains) and Losses on Assets	(7.2%)	(10.5%)	(0.2%)	(6.7%)	(4.0%)
Gains and (Losses) on Liabilities	0.9%	0.0%	0.0%	3.4%	0.0%

Pensions Asset/Liability Account

2016/17 £000		2017/18 £000
(212,647)	Opening Balance	(275,500)
(3,017)	Past Service Cost - Added Years	(794)
(15,149)	Current Service Cost	(22,695)
(22,506)	Interest Cost	(19,335)
15,178	Return On Assets	12,787
14,959	Payments to Pension Fund	14,578
(412)	Administration Expenses	(410)
(51,906)	Actuarial Gain or (Loss)	32,630
(275,500)	Closing Balance	(258,739)

Pensions Reserve

2016/17 £000		2017/18 £000
212,647	Opening Balance	275,500
3,017	Past Service Cost - Added Years	794
(14,959)	Charging Pensions Costs Payable	(14,578)
22,889	Reversing Out IAS 19 Items	29,653
51,906	Actuarial (Gain) or Loss	(32,630)
275,500	Closing Balance	258,739

13. Pensions Schemes Accounted for as Defined Contribution Schemes

The Local Government Pension Scheme is a Defined Benefit Scheme and as such falls under IAS 19 and has resulted in transactions impacting on the Income and Expenditure Account as above. There are also further explanations and disclosures within Note 12 to the Core Financial Statements.

The Teachers' and NHS Pension Schemes are also technically Defined Benefits Schemes. However, the Schemes are unfunded and the Department for Education and NHS use a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

Teachers Pensions Authority:
In 2017/18 the Council paid an employer's contribution of £6,556,286 (£6,446,073 in 2016/17), representing 16.48% of Teachers' pensionable pay, into the Teachers' Pension Authority. The scheme provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being at 31st March 2013. Under Pension Regulations, contribution rates are set to meet 100% of the overall liabilities of the fund.

National Health Service Pension Scheme:
In 2017/18 the Council paid an employer's contribution of £45,584 (£46,213 in 2016/17) representing 14.38% (14% in 2016/17) of pensionable pay into the NHS Pension Scheme. The scheme provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on quadrennial actuarial valuations, the last review being at 31st March 2012. Under Pension Regulations, contribution rates are set to meet 100% of the overall liabilities of the fund. This relates to Public Health which transferred to the Council on 1 April 2013.

14. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2017/18	General Fund Balance & Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	**22,932**	**0**	**0**	**(22,932)**

2017/18	General Fund Balance & Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Movement in the market value of Investment Properties	**883**	**0**	**0**	**(883)**
Revenue expenditure funded from capital under statute	**26,667**	**0**	**0**	**(26,667)**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**48,102**	**0**	**0**	**(48,102)**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	**(467)**	**0**	**0**	**467**
Adjustment primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	**(30,377)**	**0**	**30,377**	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account	**0**	**0**	**(30,754)**	**30,754**
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**(2,252)**	**2,252**	**0**	**0**
Use of the Capital Receipts Reserve to finance new capital expenditure	**0**	**(2,252)**	**0**	**2,252**
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**(13,467)**	**0**	**0**	**13,467**
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	**164**	**0**	**0**	**(164)**
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 12)	**30,447**	**0**	**0**	**(30,447)**

2017/18	General Fund Balance & Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Employer's pensions contributions and direct payments to pensioners payable in the year	(14,578)	0	0	14,578
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory requirements	2,064	0	0	(2,064)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	547	0	0	(547)
Total Adjustments	70,665	0	(377)	(70,288)

2016/17 Comparative figures	General Fund Balance & Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	**22,665**			**(22,665)**
Movement in the market value of Investment Properties	8,227			(8,227)
Revenue expenditure funded from capital under statute	21,444			(21,444)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,965			(5,965)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(395)			395
Adjustment primarily involving the Capital Grants Unapplied Account:				

2016/17 Comparative figures	**General Fund Balance & Reserves £000**	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	**(35,681)**	**0**	**35,681**	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account	**0**	**0**	**(35,221)**	**35,221**
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**(8,703)**	**8,703**		
Use of the Capital Receipts Reserve to finance new capital expenditure		**(8,703)**		**8,703**
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**(9,672)**			**9,672**
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	**393**			**(393)**
Adjustments primarily involving the Pensions Reserve:				**0**
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 12)	**25,906**			**(25,906)**
Employer's pensions contributions and direct payments to pensioners payable in the year	**(14,959)**			**14,959**
Adjustments primarily involving the Collection Fund Adjustment Account:				**0**
Amount by which council tax and non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory requirements	**696**			**(696)**

Adjustments primarily involving the Accumulated Absences Account:				**0**
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**771**	**0**	**0**	**(771)**
Total Adjustments	**16,657**	**0**	**460**	**(17,117)**

15. Property, Plant and Equipment

Movements in 2017/18:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation						
At 1 April 2017	**366,345**	**36,426**	**159,954**	**11,318**	**574,043**	**66,091**
Additions	9,042	2,382	20,026	10,274	**41,724**	1,778
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(262)	0	0	1,192	**930**	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(9,984)	0	0	(334)	**(10,318)**	0
Derecognition – disposals	(51,165)	(61)	0	0	**(51,226)**	(48,589)
Assets reclassified (to) /from Assets Under Construction	109	0	0	(11,408)	**(11,299)**	0
Assets reclassified (to)/from Held for Sale	(3,044)	0	0	0	**(3,044)**	0
Assets reclassified (to) /from Investment Properties	53	0	0	0	**53**	0
At 31 March 2018	**311,094**	**38,747**	**179,980**	**11,042**	**540,863**	**19,280**
Less Accumulated Depreciation and Impairment						
At 1 April 2017	**24,696**	**24,172**	**14,138**	**0**	**63,006**	**7,962**
Depreciation charge	8,528	2,683	4,003	0	**15,214**	1,606
Depreciation written out to the Revaluation Reserve	(2,160)	0	0	0	**(2,160)**	0
Depreciation written out recognised in the Surplus/Deficit on the Provision of Services	(3,839)	0	0	0	**(3,839)**	0
Derecognition – disposals	(2,828)	(61)	0	0	**(2,889)**	(2,764)
At 31 March 2018	**24,397**	**26,794**	**18,141**	**0**	**69,332**	**6,804**

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
Net Book Value						
at 31 March 2018	**286,697**	**11,953**	**161,839**	**11,042**	**471,531**	**12,476**
at 31 March 2017	**341,649**	**12,254**	**145,816**	**11,318**	**511,037**	**58,129**
Nature of Holding						
Owned	274,221	10,815	161,839	11,042	**457,917**	
Leased	0	1,138	0	0	**1,138**	
PFI	12,476	0	0	0	**12,476**	
Total	**286,697**	**11,953**	**161,839**	**11,042**	**471,531**	

Comparative Movements in 2016/17:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation						
At 1 April 2016	**356,521**	**35,307**	**134,089**	**22,733**	**548,650**	**61,852**
Additions	15,175	1,119	26,837	11,076	**54,207**	3,890
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(7,930)	0	0	0	**(7,930)**	349
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,765)	0	(972)	0	**(8,737)**	0
Derecognition – disposals	0	0	0	(4,801)	**(4,801)**	0
Assets reclassified (to) /from Assets Under Construction	17,900	0	0	(17,900)	**0**	0
Assets reclassified (to)/from Held for Sale	(5,708)	0	0	200	**(5,508)**	0
Assets reclassified (to) /from Investment Properties	(1,848)	0	0	10	**(1,838)**	0
At 31 March 2017	**366,345**	**36,426**	**159,954**	**11,318**	**574,043**	**66,091**
Less Accumulated Depreciation and Impairment						
At 1 April 2016	**30,024**	**21,548**	**11,984**	**0**	**63,556**	**6,445**

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
Depreciation charge	8,657	2,624	3,333	0	**14,614**	1,517
Depreciation written out to the Revaluation Reserve	(8,540)	0	(77)	0	**(8,617)**	0
Depreciation written out recognised in the Surplus/Deficit on the Provision of Services	(5,445)	0	(1,102)	0	**(6,547)**	0
Derecognition – disposals	0	0	0	0	**0**	0
At 31 March 2017	**24,696**	**24,172**	**14,138**	**0**	**63,006**	**7,962**
Net Book Value						
at 31 March 2017	**341,649**	**12,254**	**145,816**	**11,318**	**511,037**	**58,129**
at 31 March 2016	**326,497**	**13,759**	**122,105**	**22,733**	**485,094**	**55,407**
Nature of Holding						
Owned	283,520	11,181	145,816	11,318	**451,835**	
Leased	0	1,073	0	0	**1,073**	
PFI	58,129	0	0	0	**58,129**	
Total	**341,649**	**12,254**	**145,816**	**11,318**	**511,037**	

Depreciation

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

- Other Land and Buildings – 30 to 60 years
- Vehicles, Plant, Furniture & Equipment – 3 to 25 years
- Infrastructure – 25 to 40 years

Capital Commitments

At 31 March 2018, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2017/18 and future years budgeted to cost £10.4m. Similar commitments at 31 March 2017 were £6.9m. The major commitments are:

- Town Centre Connectivity - £5.4m
- Southwater Hotel - £1.5m
- Street Lighting - £3.5m

15a. Fixed Asset Valuation

The Council's property, that was due to be valued this year, was valued on 1 April 2017 by internal valuers, James Dunn MRICS, David Scrimgeour MRICS and Marc Jones MRICS, all Registered Valuers of Telford & Wrekin Council.

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The valuations were carried out in accordance with the requirements of the RICS Valuation Standards 2015 (UK) Edition, IVS 300, FRS 102 and the International Valuation Standards Council (IVSC).

The valuation of the property was on the basis of:

- existing use value (EUV) assuming that the property would be sold as part of the continuing business and subject to the following special assumptions.
- fair value (which equates to market value for accounting purposes) for investment property assuming that it would be sold subject to any existing leases and subject to the following special assumptions.
- Market Value assuming that the property would be sold with vacant possession in its existing condition and subject to the following special assumptions.

Special assumptions – Operational Property:

- There would be no bids from Special Purchasers.
- There are no impending changes in the physical circumstances of the property, such as a new building to be constructed, or an existing building to be refurbished or demolished.
- There are no anticipated changes in the mode of occupation or trade at the property.
- Unless a property is empty, and available for sale, no account will be taken of any unresolved planning applications, unless realistically obtainable and with limited conditions.
- Alterations and improvements carried out under the terms of a lease will be ignored.
- A property is let on defined terms when, in reality, at the date of valuation it is vacant.

Special assumptions – Property Investment Portfolio (PIP) & Groups of Properties:

- Where physically adjoining properties have been acquired separately by the Council for site assembly for future development/regeneration, the proposed development scheme will be used as the basis for valuation for the assembled site(s).
- No account will be made where the ownership of a number of separate properties would be of particular advantage to the Council as a single owner, such as drop in or contact centres, libraries, schools, etc.
- No account will be made where individual properties are used collectively or are an essential component of the Council's operation, even though they may cover a large geographical area.
- There are no groups of properties that should not be valued as a group.
- We will value units within industrial estates, office complexes and local shopping centres within the Property Investment Portfolio as groups of properties.

The valuer's opinion of Fair Value was primarily derived using:

- The Comparable method for types of property where there is good evidence of previous sales on arm's-length terms.

- Investment method for most commercial (and residential) property that is producing, or has potential to produce, future cash flows through letting of the property.
- Depreciated replacement cost approach, because the specialised nature of the asset means that there is no market transaction of this type of asset, except as part of the business or entity.

Not all of the properties were inspected. This was neither practicable nor considered by the valuer to be necessary for the purpose of the valuation. Assets with a value of less than £10,000 are excluded from the register.

Investment Properties are valued annually and their current value is £95.657m, Other Land & Buildings are valued over a 5 year rolling programme and the value of assets valued in each of the last 5 years is shown in the table below.

Year	Value £000
2013/14	27,555
2014/15	37,504
2015/16	45,747
2016/17	119,094
2017/18	37,372
Total	**267,272**

Infrastructure and Vehicles, Plant & Equipment are valued at depreciated historical cost and Community Assets are valued at historical cost.

16. Investment Properties

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

2016/17 £000		2017/18 £000
(7,373)	Rental income from investment property	(8,741)
2,856	Direct operating expenses arising from investment property	3,534
(4,517)	Net Operational (gain)/loss	(5,207)
8,227	Net (gain)/loss on revaluation of properties	883
3,710	Total Net (gain)/loss	**(4,324)**

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.
The following table summarises the movement in the fair value of investment properties over the year:

2016/17 £000		2017/18 £000
71,368	Balance at start of the year	**71,617**
7,164	Additions	17,207
(526)	Disposals	(844)
(8,227)	Revaluation Increases/(Decreases) met from net surplus /deficit on provision of services	(883)
	Transfers:	
1,838	- (to)/from Property, Plant and Equipment	8,560
71,617	Balance at end of the year	**95,657**

17. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT System and accounted for as part of the hardware item of Property, Plant and Equipment. The Intangible Assets include purchased licenses.

The carrying amount of Intangible Assets is amortised on a straight-line basis.

The movement on Intangible Asset balances during the year is as follows:

2016/17 £000		2017/18 £000
	Balance at start of the year	
6,450	- Gross Carrying Amount	7,383
(4,013)	- Accumulated Amortisation	(5,037)
2,437	**Net Carrying Amount at Start of Year**	**2,346**
	Additions	
933	- Purchases	974
(1,024)	Amortisation for the Period	(1,239)
2,346	**Net Carrying Amount at Year End**	**2,081**
	Comprising	
7,383	- Gross Carrying Amount	8,357
(5,037)	- Accumulated Amortisation	(6,276)
2,346	**Total**	**2,081**

18. Assets Held for Sale

Current 2016/17 £000		Current 2017/18 £000
12,721	Balance outstanding at start of year	7,474
5,508	Reclassified from - Property, Plant and Equipment	5,730
0	Revaluation gains	0
0	Impairment losses met from the revaluation reserve	0
(2,885)	Impairment losses met from income and expenditure	2
(7,960)	Assets sold	(180)
90	Acquisitions	1,187
7,474	**Balance outstanding at year end**	**14,213**

19. Heritage Assets

The Council has identified a number of Heritage Assets, as listed below. These are held for the appreciation of the history of the local area. The Council has no cost records for the assets and due to their nature, they cannot be valued effectively. The assets are therefore not recognised in the balance sheet.

Asset	Location
Anstice Backwalls & Ice House	Ironbridge
Bridge Structure, Former Castle	Little Dawley
Canal & 2 Railway Bridges	Coalport
Canal & Lock Gates	Hadley
Canal Basin	Granville Park
Canal Blists Hill to Sutton Hill	Madeley
Captain Webb Memorial	Dawley
Crossing Gates, Station Platform, Sidings	Ironbridge
Furnaces	Granville Park
Incline	Ironbridge
Incline Plane	Coalbrookdale
Incline Plane	Madeley
Ladywood Brickworks	Ironbridge
Loam Hole Dingle	Jiggers Bank
Lydbrook Sandstone Outcrop	Jiggers Bank
Mining Landscape	Shortwood, Wellington
Monument	Lilleshall
Newport Canal	Newport
Norman Chapel	Town Park
Overhead Bridge, Footbridge at Low Level	Madeley
Pumping Engine House Including Reservoir Weirs	Ironbridge
Railway Bridge	Newport
Railway Bridge (Wings)	West of Newport
Shafts Compressor House	Granville Park
Slag Block Wall	Ironbridge
Station Yard	Coalport
Stirchley Chimney	Stirchley
Stirchley Railway Station	Stirchley
Stirchley Tunnels	Stirchley
Track Beds/Railway Lines	Ironbridge
Ventilation Shaft	Ironbridge
Wappenshall Canal Basin	Wappenshall
Wide waters, Canal Basin	Little Dawley

20. Impairment Losses

During 2017/18, the Authority has recognised revaluation loss of £7.362m (2016/17 revaluation loss £15.255m) in relation to Property, Plant & Equipment, Assets Held for Sale and Investment Properties. The impairment loss has been charged to the Comprehensive Income and Expenditure Statement. This is then reversed out as part of the Movement in Reserves Statement.

21. Inventories

The Council had inventories that totalled £0.323m at 31/3/18 and £0.321m at 31/3/17. These mainly consist of Salt and Grit Stocks, Catering Stocks and Design and Print stocks.

22. Debtors

2016/17 £000		2017/18 £000
	Amounts falling due in one year:	
7,232	Central Government	7,518
72	Other Local Authorities	42
973	NHS Bodies	1,403
574	Public Corporations and Trading Funds	24
0	Amounts due from Subsidiaries	152
35,527	Other Entities and Individuals	36,948
44,378	**Gross Debtors**	**46,087**
(6,731)	Provision for doubtful debts	(6,665)
37,647	**Total**	**39,422**

23. Financial Instruments

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

	Long Term			Current	
	2016/17 £000	2017/18 £000		2016/17 £000	2017/18 £000
Investments					
Loans and receivables	33	315		0	0
Shares in Subsidiary	6,450	8,950		0	0
Financial assets at fair value through profit and loss	0	0		0	0
Total investments	**6,483**	**9,265**		**0**	**0**
Debtors					
Financial assets carried at contract amounts	578	441		37,647	39,270
Debtors with Subsidiary	14,509	25,476		0	152
Total Debtors	**15,087**	**25,917**		**37,647**	**39,422**
Borrowings					
Financial liabilities at amortised cost	100,873	154,526		119,175	102,176
Total borrowings	**100,873**	**154,526**		**119,175**	**102,176**
Other Liabilities					
PFI and finance lease liabilities	55,405	53,282		2,721	3,015
Other Creditors	0	0		55,949	61,492
Total Other Liabilities	**55,405**	**53,282**		**58,670**	**64,507**

Income, Expense, Gains and Losses

	2016/17			2017/18		
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Total
	£000	£000	£000	£000	£000	£000
Interest expense	8,656	0	8,656	8,813	0	8,813
Total expense in Surplus or Deficit on the Provision of Services	**8,656**	**0**	**8,656**	**8,813**	**0**	**8,813**
Interest income	0	(20)	(20)	0	(16)	(16)
Total income in Surplus or Deficit on the Provision of Services	**0**	**(20)**	**(20)**	**0**	**(16)**	**(16)**
Net gain/(loss) for the year	**8,656**	**(20)**	**8,636**	**8,813**	**(16)**	**8,797**

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated ranges of interest rates are based on new lending rates for equivalent loans at that date.
- no early repayment or impairment is recognised.
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	2016/17			2017/18	
	Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
Financial liabilities	220,048	294,446		256,702	325,944
Long-term creditors	55,405	55,405		53,282	53,282

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2018) arising from a commitment to pay interest to lenders above current market rates.

	2016/17			2017/18	
	Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
Loans and receivables	**6,483**	**6,483**		**9,265**	**9,265**
Long-term debtors	**15,087**	**15,087**		**25,917**	**25,917**

The fair value of the assets is the same of the carrying amount due to the nature of the assets held.
Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

24. Nature and Extent of Risks Arising from Treasury Related Financial Instruments

Fair Value of Assets & Liabilities

Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

We have worked in conjunction with Arlingclose, our treasury advisors, to produce the following portfolio valuation:

	Nominal/ Principal 31/3/18 £000	Fair Value 31/3/18 £000
Financial Assets		
Fixed Term Deposits	0	0
Other	9,265	9,265
	9,265	**9,265**
Financial Liabilities		
Money Market Loans (LOBO's)	60,000	103,833
PWLB Loans	99,624	125,033
Temporary Loans	97,078	97,078
	256,702	**325,944**

The assets and liabilities are shown in the balance sheet at Nominal/Principal cost. What the above table shows is that the fair value of our assets (investments) is the same as the nominal value as they are non-tradeable shares. Whereas, the fair value of our liabilities is more than the amount held on the balance sheet due mainly to the penalties we would incur if we wanted to redeem our liabilities early.

Methodology and Assumptions

The fair value of an instrument is determined by calculating the Net Present Value of future cashflows, which provides an estimate of the value of payments in the future in today's terms. This is the widely accepted valuation technique commonly used by the private sector.

The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, we have used the prevailing rate of a similar instrument with a published market rate, as the discount factor.

Complexities of the NPV calculation
It is unlikely that the future cash instalments of an instrument will fall in equal time periods from the date of valuation, and there is likely to be a "broken" period from the valuation date to the next instalment. This means that an adjustment needs to be made to each discount factor, in order to take account of the timing inequality.

Evaluation of PWLB debt
We have used the new borrowing rate, as opposed to the premature repayment rate, as the discount factor for all PWLB borrowing. This is because the premature repayment rate includes a margin which represents the lender's profit as a result of rescheduling the loan, which is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

Inclusion of accrued interest
The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, we have also included accrued interest in the fair value calculation. This figure will be calculated up to and including the valuation date.

Discount rates used in NPV calculation
The rates quoted in this valuation were obtained by Arlingclose from the market on 31st March, using bid prices where applicable.

Assumptions:
It is noted that the following assumptions do not have a material effect on the fair value of the instrument:

- Interest is calculated using the most common market convention, ACT/365.
- Where interest is paid/received every 6 months on a day basis, the value of interest is rounded to 2 equal instalments.
- For fixed term deposits it is assumed that interest is received on maturity, or annually if duration is > 1 year.
- We have not adjusted the interest value and date where a relevant date occurs on a non-working day.

Exposure to Risk
The Authority’s activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management on investments is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they are rated independently with a minimum short term rating of A+, a minimum long term rating of F1+, a minimum support rating of 3, a minimum individual rating of C and a minimum sovereign rating of AA-. In conjunction with our treasury advisors these are overlaid with credit default swaps to produce a lending list governing both value and length of investment. The Authority has a policy of not lending more than £15m to any one institution.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2018 £000s	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2018 (rounded to 3 decimal place) %	Estimated maximum exposure to default and uncollectability £000s
	A	B	C	A * C
Deposits with banks and financial institutions	0	0.0	0.000	0
Other	9,265	0	0.000	0
Debtors	46,087	12	14.462	6,665
Total	**55,352**	**12**	**12.041**	**6,665**

The Council has not experienced any defaults with any of the above counterparty types in the last 10 years. No credit limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds. The Council has a number of long term (greater than 1 year) investments, the majority of these are with UK banks that are within the UK Government Guarantee Scheme and pose no risk of default. The current market conditions are unprecedented and our position will be continually monitored.

Liquidity risk

As the Authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than 20% of loans are due to mature within any rolling three year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

The maturity analysis of long term financial liabilities can be found in the table on page 80:

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

Market risk
Interest rate risk
The Authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise.
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Account. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance £ for £. Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Account.

The Authority has a number of strategies for managing interest rate risk. Policy is to have a maximum of 30% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

In line with our Treasury Strategy, the Authority has taken advantage of low level of interest on short-term borrowing in order to reduce cost. The Authority will continue to engage with our external treasury advisor, Arlingclose, to monitor interest rates and lock into long term borrowing when it is prudent to do so.

Price risk
The Authority does not generally invest in equity shares and has no shareholdings. The Authority is not consequently exposed to losses arising from movements in the prices of the shares. We do however hold shares in NuPlace. These are non-traded stocks and therefore there is no price risk.

Foreign exchange risk
The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Financial Instruments Adjustment Account – this account holds the accumulated difference between the financial costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund balance.

The **Available-for-Sale Reserve** is a revaluation reserve used to manage the fair value process for these financial assets. It is permitted to have a negative value provided that the losses posted to it are not impairment losses.

Sensitivity Analysis
At the 31st March 2018 the Council had both fixed and variable investments and borrowings. A sensitivity analysis has been carried out to assess the impact that increases or decreases in interest rates would have on the budget.

The table below shows an analysis of investments and borrowing into fixed and variable together with the impact of a 1% change in interest rates.

	Investments £000	Borrowing £000	Net Total £000	1% Movement £000
Variable	(19,622)	102,176	82,554	825.5
Fixed	(9,265)	154,526	145,261	0.0
Total	(28,887)	256,702	227,815	825.5

A 1% change in interest rates would have an impact on the budget of £825,540, this is because at 31st March 2018 we had more variable borrowing than variable investments. The most likely next move in interest rates at 31 March 2018 is upward and this would lead to a net increase in borrowing costs based on the position at 31st March 2018. Other considerations are that the Council is managing ongoing maturity profiles for both investments and borrowing.

Long Term Borrowing

Source of Loan	Range of Interest rates payable (%)			Total Outstanding		
				2016/17 £000		2017/18 £000
Public Works Loan Board	1.20	-	9.375	40,873		94,526
Money Market Loans (including LOBOs)	3.98	-	4.50	60,000		60,000
				100,873		**154,526**

An analysis of loans by maturity is:				
		2016/17 £000		**2017/18 £000**
Maturing in 1-2 years		2,097		5,098
Maturing in 2-5 years		4,793		12,793
Maturing in 5-10 years		5,241		18,741
Maturing in more than 10 years		88,742		117,894
		100,873		**154,526**

		2016/17 £000		**2017/18 £000**
Total Long Term Borrowing		100,873		154,526
Temporary Borrowing		119,175		102,176
Total Borrowing		**220,048**		**256,702**

In total, fixed and temporary borrowing increased by £36.654m, from £220.048m to £256.702m during the year. This was due to capital expenditure during 2017/18.

25. Investments

In total our investments have been increased by £2.49m as a result of the cash flow together with additional share capital in our wholly owned subsidiary.

The Council has long term investments, totalling £9.265m, including share capital in our wholly owned subsidiary. Investments are shown in the Balance Sheet at market value.

The Council has no short term deposits. Also investments that are in Liquidity Accounts are shown within cash and cash equivalents.

Summary of Investments

2016/17 £000	**Category**	**2017/18 £000**
	Long Term Investments	
0	Fixed Term Deposits	
6,483	Other	9,265
6,483	**Total Long Term**	**9,265**
	Short Term Investments	
0	Fixed Term Deposits	0
0	**Total Short Term**	**0**
19,910	**Cash & Cash Equivalent Investments**	**19,622**
26,393	**Total Investments**	**28,887**

Investments are valued as “loans and receivables”. See also note 23 on fair value.

26. Cash and Cash Equivalents

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

2016/17 £000		2017/18 £000
123	Cash held by the Authority	124
8,809	Bank current accounts	5,842
11,101	Call Accounts	13,780
20,033	**Total Cash and Cash Equivalents**	**19,746**
0	Bank Account Overdrawn	0
20,033	**Net Cash Position for Cash Flow Purposes**	**19,746**

27. Provisions

	2017/18 Opening £000	Transfers/ Receipts in year £000	Transfers/ Payments in year £000	2017/18 Closing £000
Restructure Provision	461	26	0	487
Single Status Provision – Schools	3,593	2	(167)	3,428
Single Status Provision – Non Schools	12,417	0	0	12,417
NDR Appeals Provision	3,293	3,808	(3,293)	3,808
Litigation Costs	44	0	(24)	20
Total	**19,808**	**3,836**	**(3,484)**	**20,160**
2016/17	20,073	3,298	(3,563)	19,808

Restructure Provision - the accounts include a provision to meet committed severance costs which relate to the ongoing restructuring programme which is part of the Council's strategy for delivering savings. The amount in the provision at 31 March 2018 was £0.487m. It is anticipated that this will be funded from Capital Receipts in 2018/19, but this is subject to generating the necessary capital receipts.

Single Status - Single Status is a national pay and conditions agreement for staff employed under NJC terms and conditions, who form a significant proportion of the Council's workforce. The agreement is effective from 1st April 2007, however the process is not yet complete and it has been necessary to include a provision against the potential costs in the 2017/18 accounts, as was the case last year and previous years. The total amount in the provision at 31 March 2018 was £15.845m.

NDR Appeals – under the new arrangements for the retention of business rates, authorities are required to make a provision for refunding ratepayers who successfully appeal against the rateable value of their property on the rating list. Based on information relating to outstanding appeals provided by the Valuation Office, £7.8m is estimated as the amount required to set aside for this purpose in the 2017/18 accounts (£6.7m 2016/17). Telford & Wrekin Council's proportion of this is £3.8m (49%) (£3.3m 2016/17).

Litigation Costs - This was created for 2015/16 and is to cover the anticipated costs of a settlement reached with members of the Amalgamated Personal Property Searches (APPS) Group. The total amount in the provision at 31 March 2018 was £0.02m (£0.04m 2016/17)

28. Creditors

2016/17 £000		2017/18 £000
8,504	Central Government	9,705
2,007	Other Local Authorities	1,623
10	NHS Bodies	10
840	Public Corporations and Trading Funds	898
0	Amounts due to Subsidiaries	0
44,588	Other Entities and Individuals	49,256
2,721	PFI and Leases	3,015
58,670	**Total**	**64,507**

29. Private Finance Initiatives and Similar Contracts

The Council has one PFI scheme in relation to Hadley Learning Community and Queensway. We have assets held of £12.5m shown within Property, Plant & Equipment. The equivalent figure for 2016/17 was £58.1m. During 2017/18 Hadley Learning Community Primary and Secondary schools and Queensway converted to Academy status. These assets do not appear on our Balance Sheet.

A finance lease creditor has also been recognised to the value of £55.491m as at 31st March 2018 (£57.343m as at 31st March 2017). The payment made to the operator has been analysed between the service element and the interest charge. The latter has added £4.8m to the interest paid for 2017/18 (£4.8m 2016/17). Amounts due are shown in the table below:

	2016/17				2017/18			
	Service £000	Lifecycle £000	Interest £000	Finance Lease £000	Service £000	Lifecycle £000	Interest £000	Finance Lease £000
Within 1 year	2,176	474	4,781	2,326	2,409	308	4,621	2,548
2 to 5 years	4,791	6,488	17,658	11,406	5,048	6,513	17,250	12,077
6 to 10 years	9,054	6,706	18,742	19,140	8,999	7,154	17,728	20,523
11 to 15 years	13,183	4,647	12,480	26,014	13,918	4,358	10,694	27,614
16 to 20 years	9,091	1,686	2,670	18,457	5,745	1,194	1,257	12,256

30. Usable Reserves - Transfers to/from Earmarked Reserves & Balances

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and below.
This note sets out the amounts set aside from General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2017/18.

	General Fund Balance £000	Earmarked General Fund Reserves* £000	School Balances £000	Revenue Grants & Other Balances £000	Capital Grants Unapplied £000	Total Usable Reserves £000
Balance at 31 March 2016 carried forward	**4,490**	**45,456**	**6,551**	**2,804**	**2,860**	**62,161**
Movement / Use of reserves during 2016/17	167	10,073	(1,431)	(181)	460	**9,088**
Balance at 31 March 2017 carried forward	**4,657**	**55,529**	**5,120**	**2,623**	**3,320**	**71,249**
Movement / Use of reserves during 2017/18	150	14,586	(1,332)	230	(377)	**13,257**
Balance at 31 March 2018 carried forward	**4,807**	**70,115**	**3,788**	**2,853**	**2,943**	**84,506**

Analysis of Earmarked General Fund Reserves

	Opening Balance £000	**Payments £000**	**Receipts £000**	**Closing Balance £000**
Environmental Mtce. & Improvements (Pride)	1,500	-281	1,000	2,219
Estate car parking & additional residential parking	750	-6	310	1,054
Footway programme funding	1,400	-387	0	1,013
Business Rates Retention reserve	0	-1,250	3,750	2,500
Capacity Fund & Invest to Save	6,445	-1,230	3,200	8,415
Capital Funding reserve	1,461	-239	183	1,405
Hadley PFI Sinking Fund	1,088	-10,333	10,578	1,333
HCA Land Deal funds	1,803	-344	4,462	5,921
Pride in our Community reserve	4,155	-435	0	3,720
Severence Fund	1,750	0	1,001	2,751
Self Insurance Fund	2,113	-137	471	2,447
Treasury Management reserve	0	0	1,150	1,150
Waste Contract reserve	1,541	-312	0	1,229
Reserves earmarked as part of medium term Service and Financial Planning	13,719	-19	3,760	17,460
Other reserves below £1,000,000	17,804	-6,717	6,411	17,498
Total	**55,529**	**-21,690**	**36,276**	**70,115**

	Opening Balance £000	Payments £000	Receipts £000	Closing Balance £000
Previous Year	**45,456**	**-4,234**	**14,306**	**55,529**

31. School Balances

School balances do not form part of the Council's General Fund Balances. They are held separately and are solely for use by schools. The balances held are as follows:

2016/17 £000		2017/18 £000
4,541	School Balances – Revenue	3,216
579	School Balances - Capital	572
5,120	**Total School Balances**	**3,788**

32. Unusable Reserves

2016/17 £000		2017/18 £000
40,016	Revaluation Reserve	34,633
184,677	Capital Adjustment Account	128,040
0	Available for Sale Financial Investment Reserve	282
(1,168)	Financial Instruments Adjustment Account	(1,332)
(275,500)	Pensions Reserve	(258,739)
4,741	Collection Fund Adjustment Account	2,677
20,959	Deferred Capital Receipts	34,426
(3,109)	Accumulated Absences Account	(3,656)
(29,384)	**Total Unusable Reserves**	**(63,669)**

Revaluation Reserve

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

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

The Reserve contains only revaluation gains accumulated since 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.

2016/17 £000		2017/18 £000
44,823	**Balance brought forward**	**40,016**
2,641	Upwards revaluation of assets	3,091
0	Downward revaluations of assets and impairment losses not charged to the Surplus/Deficit on provision of services	0

2016/17 £000		2017/18 £000
(1,059)	Difference between fair value depreciation and historical cost depreciation	(1,040)
(6,389)	Accumulated gains and losses on assets sold or scrapped	(7,434)
40,016	**Balance carried forward**	**34,633**

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.
The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.
Note 14 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2016/17 £000			2017/18 £000
191,211	**Balance Brought Forward**		**184,677**
(35,454)	Charges for depreciation and impairment of non-current assets		(20,368)
(1,024)	Amortisation of intangible assets		(1,239)
(21,444)	Revenue expenditure funded from capital under statute		(26,667)
(5,965)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		(48,102)
4,807	Adjusting amounts written out of the Revaluation Reserve		5,383
8,703	Capital financing	- Capital receipts	2,252
35,221		- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	30,754
395	Minimum Revenue Provision		467
8,227	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		883
184,677	**Balance Carried Forward**		**128,040**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2018 will be charged to the General Fund over the next 10 years.

2016/17 £000		2017/18 £000
(775)	**Balance at 1 April**	**(1,168)**
(393)	Proportion of premiums/discounts incurred in previous financial years to be apportioned against the General Fund Balance in accordance with statutory requirements	(164)
(1,168)	**Balance at 31 March**	**(1,332)**

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 Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2016/17 £000		2017/18 £000
212,647	**Balance at 1 April**	**275,500**
51,906	Actuarial (gains) or losses on pensions assets and liabilities	(32,630)
3,017	Added Years	794
22,889	Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	29,653
(14,959)	Employer's pensions contributions and direct payments to pensioners payable in the year	(14,578)
275,500	**Balance at 31 March**	**258,739**

Collection Fund Adjustment Account

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

2016/17 £000		2017/18 £000
5,437	**Balance at 1 April**	**4,741**
(696)	Amount by which council tax and Non Domestic Rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and Non Domestic Rate income calculated for the year in accordance with statutory requirements	(2,064)
4,741	**Balance at 31 March**	**2,677**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2016/17		2017/18
£000		**£000**
11,287	**Balance at 1 April**	**20,959**
9,672	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	13,467
0	Transfer to the Capital Receipts Reserve upon receipt of cash	0
20,959	**Balance at 31 March**	**34,426**

Accumulated Absences Account

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

2016/17 £000		2017/18 £000
(2,338)	**Balance at 1 April**	**(3,109)**
2,338	Settlement or cancellation of accrual made at the end of the preceding year	3,109
(3,109)	Amounts accrued at the end of the current year	(3,656)
(3,109)	**Balance at 31 March**	**(3,656)**
(771)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(547)

Available for Sale Financial Investment Reserve

2016/17 £000		2017/18 £000
0	**Balance at 1 April**	**0**
0	Upward revaluation of investment	282
0	**Balance at 31 March**	**282**

33. Revenue Expenditure Funded from Capital Under Statute

Revenue Expenditure funded from Capital under Statute is created when expenditure, classified as capital expenditure with respect to capital controls, does not result in the creation of a fixed asset. During 2017/18 expenditure on this totalled £26.667m and grant receivable amounted to £4.607m. However, none of this expenditure created a benefit to the Authority beyond the financial year in which it was incurred. Consequently, the net cost has been written off against the Capital Adjustment Account during the year.

34. Usable Capital Receipts Reserve

2016/17 £000		2017/18 £000
0	Opening balance	0
8,703	Capital receipts received during year	2,252
(8,703)	Less Capital receipts used for financing during year	(2,252)
0		**0**

The usable capital receipts reserve represents the capital receipts available to finance capital expenditure. The balance was nil at 31st March.

35. 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 CFR is analysed in the second part of this note.

2016/17 £000		2017/18 £000
335,586	**Opening Capital Financing Requirement**	**367,781**
	Capital Investment	
54,207	Property, Plant & Equipment	41,724
7,164	Investment Properties	17,207
90	Assets Held for Sale	1,187
933	Intangible Assets	974
21,444	Revenue Expenditure funded from Capital under Statute (REFCUS)	26,667
186	Leased Vehicles	490

	Sources of Finance	
(8,703)	Capital Receipts	(2,252)
(7,510)	Finance Leases & De Minimis Capital Expenditure	(1,748)
(35,221)	Government Grants and Other Contributions	(30,754)
(395)	Revenue Provision (NB: includes MRP)	(467)
367,781	**Closing Capital Finance Requirement**	**420,809**
32,195	Movement for Year	53,028
	Explanation of movements in the year	
1,268	Increase in underlying need to borrow (supported by Government financial assistance)	7
30,927	Increase in underlying need to borrow (unsupported by Government financial assistance)	53,021
32,195	Increase/(decrease) in Capital Financing Requirement	53,028

The main items of capital expenditure during the year related to improving schools, roads, local housing improvements, ICT, Town Centre Regeneration, Property Investment Programme and Street Lighting, some of which would be classed as REFCUS.

At 31 March 2018 there were 3 significant contracts in place with outstanding commitments of £10.4m, as detailed in note 15.

The Council entered into a PFI transaction in March 2006 for the provision of school and leisure facilities at Hadley Learning Community and Queensway for £289m.

Unitary payments are being paid to the operator, and PFI credits received from the Government as a specific annual grant from 2007/08, when all of the buildings became operational. The Council has approved a budget strategy which makes provision for its future commitments. In 2017/18 the Authority made payments of £10.2m in respect of this PFI contract with Interserve Limited. The Authority is committed to making payments estimated at £9,071,500 pa (index linked starting point September 2006) until the contract expiry date of 2034.

36. Minimum Revenue Provision

The net amount charged to revenue in compliance with the statutory requirement to set aside a minimum revenue provision for the repayment of external loans was £3.146m, this was offset by an adjustment to prior years MRP of £3.146m, the principal repayment in respect of leases was £0.467m and due to a previous change in methodology and over provision in previous years the principal repayment in respect of the PFI lease was £0.0m giving a total provision of £0.467m in 2017/18 (£0.395m in 2016/17).

37. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services for non-cash movements

2016/17 £000		2017/18 £000
(29,155)	Impairment and depreciation of property, plant and equipment and intangible assets	(18,583)
(68)	(Increase)/decrease in interest creditors	(169)
2,950	(Increase)/decrease in creditors	(4,430)
(5)	Increase/(decrease) in interest/dividend debtors	5
10,589	Increase/(decrease) in debtors	(1,282)
(30)	Increase/(decrease) in inventories	2

(10,947)	Pension Liability	(15,869)
265	Contribution (to)/from provisions	(352)
(13,288)	Carrying amount of non-current assets sold	(49,360)
8,227	Movement in Investment Property Values	(883)
(31,462)	**Total**	**(90,921)**

38. Cash Flow Statement – Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities

2016/17 £000		2017/18 £000
35,681	Capital grants credited to surplus or deficit on the provision of services	30,377
0	Proceeds from sale of short and long term investments	0
18,375	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	15,719
54,056	**Total**	**46,096**

39. Cash Flow Statement – Investing Activities

2016/17 £000		2017/18 £000
61,922	Purchase of property, plant and equipment, investment property and intangible assets	58,779
2,950	Purchase of short-term and long-term investments	2,782
7,012	Other payments for investing activities	10,968
(14,829)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(12,669)
0	Proceeds from short-term and long-term investments	0
(46,879)	Other receipts from investing activities	(39,028)
10,176	**Net cash flows from investing activities**	**20,832**

40. Cash Flow Statement – Financing Activities

2016/17 £000		2017/18 £000
(207,950)	Cash receipts of short and long term borrowing	(279,000)
(899)	Other receipts from financing activities	409
696	Appropriation to/from Collection Fund Adjustment Account	701
152,000	Repayments of short and long term borrowing	242,346
2,607	Cash payments in relation to finance leases and PFI agreements	2,793
(53,546)	**Net cash flows from financing activities**	**(32,751)**

41. Cash Flow Statement – Operating Activities

The cash flow for operating activities includes the following items:

2016/17 £000		2017/18 £000
(20)	Interest received	**(16)**
8,656	Interest paid	**8,813**

42. Grant Income

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

2016/17 £000		2017/18 £000
	Credited to Taxation and Non Specific Grant Income	
24,899	Revenue Support Grant	18,457
2,134	Non Domestic Rates Top Up Grant	4,364
26	Local Services Support Grant	0
1,425	Section 31 Grant	2,579
28,484	**Total**	**25,400**

	Credited to Services	
103,516	Dedicated Schools Grant	108,289
68,142	Mandatory Rent Allowances Subsidy	66,285
12,984	Public Health Grant	12,664
7,347	Pupil Premium Grant	7,381
2,042	Education Services Grant	592
6,378	New Homes Bonus	6,544
2,011	Universal Free School Meals	2,007
6,456	Other grants	12,742
208,876	**Total**	**216,504**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver if the conditions are not met. The balances at the year-end are as follows:

2016/17 £000		2017/18 £000
	Capital Grants Receipts in Advance	
366	Standards Fund	3,641
383	Park for People 10 year Maintenance Programme	287
749	**Total**	**3,928**

43. Acquired and Discontinued Operations

Where operations have been acquired or discontinued in the year, paragraph 3.4.4.1(1) of the Code requires disclosure of the nature of the acquired or discontinued operations and details of any outstanding liabilities in respect of discontinued operations. There have been no acquired or discontinued operations during the year.

44. Market Undertaking and Industrial Units

The Council no longer operates any markets. The responsibility for these has passed to Parish Councils.

2016/17 £000		2017/18 £000
10	Income from Stallholders' Rents and charges	0
(50)	Expenditure	0
(40)	**(Deficit)/Surplus taken to General Fund**	**0**

The Council also operates industrial units whose financial results were as follows:

2016/17 £000		2017/18 £000
6,011	Income from rents	7,361
1,362	Other income	1,380
(8,227)	Net gains/(losses) on revaluation of property	(883)
(2,856)	Direct operating expenses	(3,534)
(3,710)	**(Deficit)/Surplus taken to General Fund**	**4,324**

(3,750)	**Total Trading Accounts**	**4,324**

45. Pooled Budgets

The Better Care Fund is a pooled fund governed by a Section 75 agreement. The parties to this joint arrangement are Telford & Wrekin Council and Telford & Wrekin Clinical Commissioning Group. The fund was established for the first time in 2015/16 in order to meet the Government's requirement to encourage closer working and integration between health and care services and to improve outcomes for Patients and Service Users and Carers. There are performance targets mainly reducing non-elective admissions to hospital and to deliver more care in the community helping people to remain independent.

In 2017/18 the Government provided additional funding through the BCF and iBCF (improved better care fund), grant funding totalling £4.019m, and this was used to provide stability to the market, including funding core Social Care activity and providing support to the NHS by maintaining an already well performing discharge from hospital scheme.

Better Care Fund where Telford & Wrekin Clinical Commissioning Group was the host in 2017/18.

The revenue fund is hosted by the Telford & Wrekin Clinical Commissioning Group and a section 75 pooled budget agreement governs how it is to be operated and reported and includes a risk sharing agreement which details how risks are to be managed and shared. These risks arise from the management of overspends and underspends from Commissioned Services and the delivery of performance metrics. The relevant funding contributions are reported below, but the contribution by the Telford & Wrekin Clinical Commissioning Group includes revenue funding targeted to the protection of Adult Social Care for which the local authority commissions services.

The net surplus will be retained in the fund and carried forward by the Council into 2018/19.

2016/17 £000	Better Care Fund Revenue Pooled Budget	2017/18 £000
9	Surplus from 2016/17 brought forward	160
686	Funding from Telford & Wrekin Council	4,718
11,982	Funding from Telford & Wrekin Clinical Commissioning Group	11,573
(5,913)	Expenditure met from pooled budget Telford & Wrekin Council	(9,859)
(6,604)	Expenditure met from pooled budget Telford & Wrekin Clinical Commissioning Group	(6,000)
160	**Net Surplus/(Deficit) arising on Pooled budget**	**592**

Better Care Fund where Telford & Wrekin Council was the host in 2017/18.
The capital fund is hosted by Telford & Wrekin Council, and a section 75 Pooled Budget agreement governs how it is to be operated and reported and includes a risk sharing agreement which details how risks are to be managed and shared. These risks arise from the management of overspends and underspends from Commissioned Services and the delivery of performance metrics.

The expenditure has been incurred in the year entirely on local authority commissioned services. The relevant funding contributions are reported below, and the underspend in 2017/18 will be retained in the fund and carried forward by the council into 2018/19.

2016/17 £000	Better Care Fund Capital Pooled Budget	2017/18 £000
433	Brought forward from 2016/17	583
1,575	Funding from Telford & Wrekin Council	1,730
0	Funding from Telford & Wrekin Clinical Commissioning Group	0
(1,425)	Expenditure met from pooled budget Telford & Wrekin Council	(1,693)
0	Expenditure met from pooled budget Telford & Wrekin Clinical Commissioning Group	0
583	**Net Surplus/(Deficit) arising on Pooled budget carried forward**	**620**

Other Pooled Budgets where Telford & Wrekin Council was the host in 2017/18.

Mental Health Residential Rehabilitation Pooled Budget

The Authority had entered into a pooled budget arrangement with Telford & Wrekin CCG to improve services provided to mental health patients through closer working between the Health Service and the Council. Telford & Wrekin Council have historically hosted this arrangement, which ended with the arrangement ceasing in February 2017.

2016/17 £000		2017/18 £000
170	Funding	0
(170)	Expenditure	0
0	**Net surplus/(deficit)**	**0**

46. Members' Allowances

The Authority paid the following amounts to members of the Council and Co-optees during the year.

2016/17 £000		2017/18 £000
618	Allowances	620
1	Expenses	1
619	**Total**	621

47. Senior Officers' Remuneration & Employee Remuneration in Bands

This note shows the amounts paid to Senior Officers in 2017/18 and 2016/17. Senior Officers are defined as:

- named employees whose annualised salary is £150,000 or more (Nil in the case of this Council)
- posts where the annualised salary is £50,000 or more and who are either: statutory chief officers (per the Local Government and Housing Act 1989); or non-statutory chief officers who report directly to the Head of Paid Service (Managing Director); or posts which have responsibility for management of the Authority, whether solely or collectively.

2017/18

Post Holder Information (Post title) Those roles in bold represent current posts	Notes	Annualised salary £	Salary (Including Fees & Allowances) £	Compensation for Loss of Office £	Total Remuneration excluding Pension contributions 2017/18 £	Pension contributions £	Total Remuneration including pension contributions 2017/18 £
Managing Director			139,754	0	**139,754**	19,645	**159,399**
Director: Customer, Neighbourhood & Wellbeing Services			111,803	0	**111,803**	15,764	**127,567**
Director: Children's & Adult Services			111,803	0	**111,803**	15,764	**127,567**
Assistant Director: Finance & Human Resources			85,637	0	**85,637**	12,075	**97,712**
Assistant Director: Business, Development & Employment			85,637	0	**85,637**	12,075	**97,712**
Assistant Director: Education & Corporate Parenting	*2*	85,637	44,554	0	**44,554**	0	**44,554**
Assistant Director: Governance, Procurement & Commissioning			85,637	0	**85,637**	12,075	**97,712**
Assistant Director: Customer & Neighbourhood Services			85,637	0	**85,637**	12,075	**97,712**
Assistant Director: Health & Wellbeing			85,637	0	**85,637**	12,315	**97,952**
Assistant Director: Early Help & Support		80,588	78,229	0	**78,229**	11,030	**89,259**
Assistant Director: Children's Safeguarding			85,637	0	**85,637**	12,075	**97,712**
Assistant Director: Commercial Services		85,637	85,216	0	**85,216**	12,016	**97,232**
Service Delivery Manager: Organisational Delivery & Development			60,839	0	**60,839**	8,578	**69,417**
Service Delivery Manager: Community Participation			60,839	0	**60,839**	8,578	**69,417**
Assistant Director: Education & Corporate Parenting	*1*	85,637	35,682	40,651	**76,333**	5,031	**81,364**
			1,242,541	**40,651**	**1,283,192**	**169,096**	**1,452,288**

Notes
Those roles shown in bold above represent the current posts.
1) This post holder left on 31st August 2017
2) This post holder was appointed on 1st September 2017

2016/17

Post Holder Information (Post title) Those roles in bold represent current posts	Notes	Annualised salary £	Salary (Including Fees & Allowances) £	Compensation for Loss of Office £	Total Remuneration excluding Pension contributions 2016/17 £	Pension contributions £	Total Remuneration including pension contributions 2016/17 £
Managing Director			138,370	0	**138,370**	16,790	**155,160**
Director: Customer, Neighbourhood & Wellbeing Services			110,696	0	**110,696**	13,948	**124,644**
Director: Children's & Adult Services			110,696	0	**110,696**	13,948	**124,644**
Assistant Director: Finance & Human Resources			84,789	0	**84,789**	10,683	**95,472**
Assistant Director: Business, Development & Employment			83,123	0	**83,123**	10,474	**93,597**
Assistant Director: Education & Corporate Parenting			84,789	0	**84,789**	10,683	**95,472**
Assistant Director: Governance, Procurement & Commissioning			84,789	0	**84,789**	10,683	**95,472**
Assistant Director: Customer & Neighbourhood Services			84,789	0	**84,789**	10,683	**95,472**
Assistant Director: Health & Wellbeing			84,789	0	**84,789**	12,125	**96,914**
Interim Assistant Director: Early Help & Support	*1*	76,461	6,827	0	**6,827**	860	**7,687**
Assistant Director: Children's Safeguarding			82,568	0	**82,568**	10,404	**92,972**
Interim Assistant Director: Commercial Services			77,602	0	**77,602**	9,778	**87,380**
Service Delivery Manager: Organisational Delivery & Development			60,236	0	**60,236**	7,590	**67,826**
Service Delivery Manager: Community Participation			60,236	0	**60,236**	7,590	**67,826**
Assistant Director: Development, Business & Employment	*2*	81,460	8,764	0	**8,764**	3,466	**12,230**
Interim Assistant Director: Early Help & Support	*3*		31,657	72,731	**104,388**	0	**104,388**
Interim Assistant Director: Early Help & Support	*4*	76,461	30,311	0	**30,311**	3,819	**34,130**
			1,225,031	**72,731**	**1,297,762**	**153,524**	**1,451,286**

Notes
Those roles shown in bold above represent the current posts.
1) This post holder was appointed on 27th February 2017
2) This post holder returned to their substantive post on 26th June 2016
3) This post holder left on 17th August 2016
4) This post holder was the Assistant Director from 1st September 2016 to 28th February 2017

The following table excludes Senior Officers shown above.

The number of employees whose remuneration, excluding pension contributions, but including redundancy payments, was £50,000 or more, in bands of £5,000 were:

Number of Employees 2016/17	Salary Band	Number of Employees 2017/18
54	£50,000 - £54,999	37
24	£55,000 - £59,999	15
21	£60,000 - £64,999	24
24	£65,000 - £69,999	15
7	£70,000 - £74,999	8
7	£75,000 - £79,999	4
5	£80,000 - £84,999	3
0	£85,000 - £89,999	2
1	£90,000 - £94,999	1
0	£95,000 - £99,999	1
0	£100,000 - £104,999	0
1	£105,000 - £109,999	0

The 2017/18 figures include 67 school based employees (89 in 2016/17). The 2017/18 figures include 3 employees (16 in 2016/17) who left under redundancy or retired during the year.

48. Exit Packages

The number of exit packages with total cost per band and the total cost of the compulsory and other redundancies included in the 2017/18 financial statements are set out in the table below.

Exit package cost band	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	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
							£	£
£0 - £20,000	48	11	102	12	150	23	1,193,790	174,996
£20,001 - £40,000	9	2	24	6	33	8	930,145	244,845
£40,001 - £60,000	3	0	19	1	22	1	1,094,180	52,158
£60,001 - £80,000	0	0	15	2	15	2	1,036,738	126,441
£80,001 - £100,000	0	0	3	0	3	0	260,336	0
£100,000 - £150,000	2	1	4	1	6	2	761,769	248,226
£150,001 - £200,000	0	1	2	0	2	1	303,666	155,421
Total	**62**	**15**	**169**	**22**	**231**	**37**	**5,580,624**	**1,002,087**

An analysis of the total cost of exit packages shows:	Redundancy etc. £	Pension Fund Charges* £	Total £
Exit Packages agreed and charged to the Income & Expenditure Account during 2017/18	285,179	230,030	515,209
Provision Included in the Authority's Income & Expenditure Account for the cost of exit packages where the authority had made a commitment at 31 March 2018 (i.e. Employees who had received formal notice at 31 March 2018 and will leave during 2018/19)	174,138	312,740	486,878
Total	**459,317**	**542,770**	**1,002,087**

* Charges made by Shropshire Pension Fund in respect of early payment of pensions
Please note that the exit packages charged to the Income & Expenditure Account during 2017/18 were funded from Capital Receipts under the Government's flexible use of capital receipts announced as part of the 2015 Spending Review.

49. External Audit Costs

The Council's accounts have been audited by KPMG in 2016/17 and 2017/18. The Council incurred the following fees relating to external audit and inspection:

2016/17 £000		2017/18 £000
117	Fees payable to KPMG with regard to external audit services	117
0	Fees payable to Audit Commission in respect of statutory inspection	0
19	Fees payable to KPMG for the certification of grant claims and returns	9
9	Fees payable in respect of other services provided by the appointed auditor, for 2016/17 this includes £3,650 paid to the Audit Commission in relation to the National Fraud Initiative. Includes dealing with elector questions under statutory responsibilities.	5
0	Reimbursements from PSAA	(17)

50. Related Parties

The Authority 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 Authority.

Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grant receipts are shown in Note 42.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2017/18 is shown in Note 46. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Council Offices during office hours.

During the year transactions with related parties arose as follows:

Councillor Stephen Burrell is a Director of Peace of Mind Homecare a company that provided services to the Council through service contracts and received £326,259 in 2017/18 (£290,130 in 2016/17).

Councillor Joy Francis is the owner of Tortoise Day Nursery and Managing Director of Smiley Faces Day Nursery. The Council administers the payment of 2/3/4 year old nursery place funding on behalf of the government. The money offsets the cost of this care to the parent and is deducted off their invoice. The Council made total payments in relation to this of £193,857 during 2017/18 (£87,042 in 2016/17).

Councillor Kuldip Sahota is a voluntary director of Meeting Point Trust and as such have no financial interest in the company. The Council makes payments to the Trust in relation to Room Hire at Meeting Point House. During 2017/18 the Council made payments totalling £26,603 (£26,170 in 2016/17).

Councillor Barry Tillotson is a director of Shropshire County Training Ltd who lease two council owned properties and is Chairman of Admaston House Community Centre Trust who hire facilities to council services for the delivery of adult and young people cookery classes and as a polling station. The value of the leases in 2017/18 was £9,600 and the value of the hire was £5,660.

Councillor Rae Evans holds a number of director and trustee posts for organisations who have received monies in 2017/18 as follows:

	Amount Received by Organisation (£)
• Park Lane Centre (Director of)	£40,834
• Meeting Point House Trust (Trustee)	£26,603
• Telford and Wrekin CVS (Director of)	£424,011
• Telford & Wrekin Citizens Advice (Director of)	£468,401
• Bethphage (Head of Human Resources to July 2017)	£44,641

Councillor Richard Overton is centre manager for Donnington Charitable Trust. The value of all financial transactions between Donnington Charitable Trust and Telford and Wrekin Council in 2017/18 is £17,251 including £10,000 Partnership Grant.

Councillor Stephen Bentley manages Waters Upton Stores in Telford which receives 100% Rural Rate Relief in line with national legislation and Council policy

Telford @ 50

A number of Council members are also Parish Council Members. Various Parish Councils have received grants in 2017/18 in relation to Telford @ 50.

Other Public Bodies [subject to common control by Central Government]
The Authority has pooled budget arrangement with Telford & Wrekin Clinical Commissioning Group. Transactions and balances outstanding are detailed in Note 45.

Subsidiaries
NuPlace Ltd is a Wholly Owned Company for the provision of market rented housing in the Borough. For 2017/18 the company had a net profit of £0.343m (£0.223m in 2016/17) and Net Assets of £11.96m (£6.646m in 2016/17). The Council produces Group Accounts in relation to NuPlace and these can be found on page 107.

51. Leases

Finance Leases

During 2017/18 the value of vehicles, plant and equipment acquired under finance lease arrangements amounted to £489,910. Finance lease rentals of £467,049 were paid during the year. Total outstanding obligations net of financing costs at the end of the year were as follows:

	Within 1 Year £000	2 to 5 years £000	Over 5 years £000	Total £000
Outstanding Obligations	344	462	0	806

The aggregate amount of finance charges in respect of finance leases was £26,064 for 2017/18 (£33,635 for 2016/17).

The Council operates a De Minimis level of £10,000 for including assets in the asset register, therefore not all the assets acquired under finance leases are shown on the balance sheet within fixed assets. Within note 15 to the accounts the value of assets held financed by leasing is shown within Vehicles, Plant and Equipment.

Operating Leases

During 2017/18 the value of vehicles, plant and equipment acquired under operating leases amounted to £0. Operating lease rentals of £59,769 were paid during the year. Total outstanding obligations at the end of the year were as follows:

	Within 1 Year £000	2 to 5 years £000	Over 5 years £000	Total £000
Outstanding Obligations	3	0	0	3

Hire Purchase Contracts

During 2017/18 no hire purchase payments were made to lessors. No new hire purchase agreements were entered into during the year and the total obligation outstanding at the end of the year was zero.

Building Leases

The Council owns a number of industrial units, commercial premises and offices throughout the Borough. The Council acts as lessor in respect of these properties which are rented out at commercial rates, these are classified as operating leases. The rental and other income received from these properties for 2017/18 amounted to £8,741,000 (£7,373,000 for

2016/17). See also note 44 Market Undertaking and Industrial Units and note 16 in respect of the valuation of these assets as Investment Properties.

52. Contingent Liabilities

At 31 March 2018, the Authority had no known material contingent liabilities.
However, the Council has received a proposed claim for damages in relation to an alleged failure to disclose some information in a property search response. This is currently being dealt with as an insurance claim. The outcome is not yet known, so we are unable to include a value. The process is ongoing.

53. Contingent Assets

At 31 March 2018, the Authority had no material contingent assets.

54. Local Services Support Grant

Local Services Support Grant (LSSG) is non ring-fenced i.e. there are no conditions on its use. The grant is therefore not income which flows into the Net Cost of Services but instead is included alongside other general sources of funding, such as Government Revenue Support Grant and Council Tax income. The total value of LSSG received by the Council in 2016/17 was £0.026m, the value of LSSG for 2017/18 is £0.000m.

55. Special Fund Revenue Account

2016/17 Net Expenditure £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Net Expenditure £000
	EXPENDITURE ON SERVICES			
(140)	Cemeteries	191	(272)	(81)
541	Highways – footway lighting	679	(7)	672
401	**Total expenditure on services**	**870**	**(279)**	**591**
	INCOME			
(691)	Council Tax			(724)
(290)	**(Surplus) or deficit for year**			**(133)**
	Special Fund			
684	Balance at beginning of the year			974
0	Adjustment to Balance in relation to previous years charges			(351)
290	Surplus or (deficit) for year			133
974	Balance at end of year			**756**

The Special Fund covers the cost of providing footway lighting and cemetery services in the former unparished areas of the Borough (excluding the parishes of Lawley & Overdale, Oakengates, St Georges & Priorslee and Wrockwardine Wood & Trench which have taken over responsibility for the footway lighting in their parishes). The above costs for footway lighting relate to the remaining parishes of Great Dawley, Dawley Hamlets, Hollinswood & Randlay, Madeley, Stirchley & Brookside, The Gorge and Wellington.

56. Soft Loan

During 2013/14 the Council extended for 10 years a loan to the Ironbridge Gorge Museum Trust of £500,000 at an interest rate of 2.85% which was below the market rate and therefore constitutes a Soft Loan in the accounting statements. Part of this has been repaid during 2014/15, 2015/16, 2016/17 and 2017/18 and the balance at 31st March is £242,157. This is shown as a debtor on the Balance sheet at a fair value of £221,803 and a notional £20,354 has been charged to the I&E account to reflect the preferential rate given. There is however a financial guarantee in place from The Ironbridge (Telford) Heritage Foundation Limited, which covers the outstanding amount of the loan.

During 2015/16 the Council advanced a loan for 40 years to AFC Telford of £45,000 at an interest rate of 4.66%, which was below the market rate and therefore constitutes a Soft Loan in the accounting statements. Part of this has been repaid during 2016/17 and 2017/18 and the balance at 31st March is £44,542. This is also shown as a debtor in the Balance sheet at a fair value of £22,606 and a notional £21,936 has been charged to the I&E account to reflect the preferential rate given. The Council owns the freehold of the ground and the loan was provided to fund a new fire alarm system at the ground.

57. Building Control Account

Expenditure	**Chargeable 2017/18 £000**	**Non-Chargeable 2017/18 £000**	**Total Building Control 2017/18 £000**
Employee Expenses	70	116	186
Support Services	83	92	175
	153	208	361
Income			
Building Regulation Charges	(268)	(115)	(383)
(Surplus)/Deficit	**(115)**	**93**	**(22)**
(Surplus)/Deficit 2016/17	***(99)***	***94***	***(5)***

Note the Building Control Account is not covered by the Audit Opinion.

58. Insurance Reserves

The Council has insurance reserves on its General Fund and specifically for Education.

The reserves are in existence for the following purposes:

- to enable the Council to move towards an element of self-insurance and risk management to mitigate premium increases.

- to provide for unbudgeted potentially significant increases in annual premiums and late premium adjustments in a volatile insurance market.
- to meet any potential liabilities resulting from the winding up of MMI.

An analysis of the reserves for 2017/18 indicates the following:

	General Fund		Education	
	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000
Balance b/f	2,473	2,577	945	945
Charges in the Year	(580)	(308)	0	0
Transfers to other reserves	0	0	0	0
Contributions	684	631	0	0
Balance c/f	**2,577**	**2,900**	**945**	**945**

The charges relate to additional premium costs and excesses and the contributions to interest as well as contributions from services.

There are two general fund insurance provisions as follows:

	General Provision		Self-Insurance	
	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000
Balance b/f	651	465	1,822	2,112
Charges In Year	(399)	(172)	(181)	(136)
Contributions	213	160	471	471
Balance c/f	**465**	**453**	**2,112**	**2,447**

For 2017/18 self-insurance relates to the first £100,000 of each and every loss for all non-Education property claims, £250,000 in relation to Education property claims, £10,000 in relation to Investment property claims and £20,000 on each public liability claim, employers liability, libel and slander and officials' indemnity claims. Also see Note 27 Provisions.

59. West Mercia Energy Joint Committee

West Mercia Energy (WME) is a Purchasing Consortium (formerly West Mercia Supplies (WMS) established in 1987) which is constituted as a Joint Committee (JC). Telford & Wrekin Council is one of four constituent authorities, the other three Councils are Worcestershire County Council, Herefordshire Council and Shropshire Council. On 19 April 2012, the stationery division of WMS - JC was sold with only the energy division being retained by the four member authorities. The energy division trades under the name "West Mercia Energy".

Telford & Wrekin Council has reviewed the accounting treatment that should be applied and has concluded that WME is a Joint Venture. Under International Accounting Standards, Group Accounts should be prepared unless it is considered not to be material.

The conclusion of the Council is that the exclusion of its share of WME's assets, liabilities, income, expenditure and cash flows from the Council's own accounts will not be material to the fair presentation of the financial position and transactions of the Council and to the understanding of the Statement of Accounts by a reader.

However, in the interests of transparency and accountability the unaudited 2017/18 balances of WME - JC are included below, along with an analysis of this Council's proportion of those balances based on an estimated share of 24.8%. The WME balance sheet has been provided by Shropshire Council, in their capacity as provider of the Section 151 role to the joint committee.

Extract from WME Balance Sheet	**2017/18**	**Telford & Wrekin Share**
	£000	**£000**
Long Term Assets		
Property, Plant & Equipment	2	0
Current Assets		
Short Term Debtors	11,455	2,837
Cash and Cash Equivalents	2,655	657
Current Liabilities		
Short Term Creditors	(12,965)	(3,211)
Long Term Liabilities		
Other Long Term Liabilities	(6,047)	(1,497)
Total Assets Less Liabilities	**(4,900)**	**(1,214)**
Financed By		
General Fund	666	165
Net Operating surplus	804	199
Capital Adjustment Account	2	0
Pension Reserve	(6,372)	(1,578)
	(4,900)	**(1,214)**
Turnover	62,482	3,470

60. Apprentice Levy

The Apprentice Levy came into effect in April 2017. It is a Government tax which aims to deliver new apprenticeships. All UK employers who have a total employee pay bill above £3m must pay the levy. The levy rate is 0.5% of the pay bill and includes schools. The money is collected by HMRC and is held in a Digital Apprenticeship Service (DAS) account which can be accessed to fund apprentice training. The levy has been treated as an employee expense in the CIES. The total amount paid in 2017/18 was £0.493m

Collection Fund Account

	NDR 2016/17 £000	Council Tax 2016/17 £000	Total 2016/17 £000	NDR 2017/18 £000	Council Tax 2017/18 £000	Total 2017/18 £000
Income						
Income from Council Tax (Note 1)		75,139	75,139		79,369	79,369
Transfers from the Council's General Fund						
– Transitional Relief	(288)	0	(288)	(798)	0	(798)
Income collectable from business ratepayers (Note 2)	73,932		73,932	71,726		71,726
Contributions						
Adjustment of previous years' community charges		0	0		0	0
Total Income	**73,644**	**75,139**	**148,783**	**70,928**	**79,369**	**150,297**
Expenditure						
Precepts, demands and Shares						
Telford & Wrekin Council	35,052	59,170	94,222	35,100	61,885	96,985
West Mercia Police Authority		9,449	9,449		9,590	9,590
Shropshire & Wrekin Fire Authority	715	4,687	5,402	716	4,780	5,496
Parish Councils		3,489	3,489		4,003	4,003
Central Government	35,767		35,767	35,816		35,816
Cost of Collection	218		218	217		217
Bad and Doubtful Debts/Appeals						
– Write Offs	767	295	1,062	634	347	981
– Provisions	1,147	(1,043)	104	1,011	(364)	647
Contributions						
Adjustment of previous years' community charge		0	0		0	0
Total Expenditure	**73,666**	**76,047**	**149,713**	**73,494**	**80,241**	**153,735**
Movement on fund balance (Increase)/Decrease	**22**	**908**	**930**	**2,566**	**872**	**3,438**

Notes To Collection Fund Accounts

1. Council Tax Base for 2017/18

2016/17 Equivalent Band D Dwellings		Number of Dwellings	Discounted Dwellings	Net Dwellings	Equivalent Band D Dwellings
10,728	Band A	26,509	(9,884)	16,625	11,076
11,472	Band B	19,825	(4,536)	15,289	11,891
8,301	Band C	11,501	(1,761)	9,740	8,657
7,514	Band D	8,378	(599)	7,779	7,779
5,119	Band E	4,589	(339)	4,250	5,194
2,790	Band F	2,101	(127)	1,974	2,851
1,575	Band G	1,028	(83)	945	1,576
78	Band H	50	(11)	39	78
47,577	**TOTAL**	**73,981**	**(17,340)**	**56,641**	**49,102**
(592)	Adjustments for growth and losses				(489)
46,985	Taxbase for year				48,613
£1,542.13	Average Council Tax for year				£1,588.57

2016/17 £000		2017/18 £000
72,457	Gross Yield	77,225
0	Less Benefits and Transitional Relief	0
2,682	Add increase in debit net of exemptions and reliefs	2,144
75,139		**79,369**

2. Income Collectable from Business Rate Payers

	2016/17 £000	2017/18 £000	2017/18 £000
Effective non-domestic rateable value for year	166,145	169,971	
Uniform Business Rate for year	49.7p	47.9p	
Gross Yield for year	82,574		81,416
Less Reductions & Transitional Rate Relief	(8,642)		(9,690)
	73,932		**71,726**

The rateable value was £180,704,257 at 31/3/2018.

3. Allocation of Fund Balance (Council Tax)

	2016/17 £000	2017/18 £000
Telford & Wrekin Council	(2,981)	(2,280)
West Mercia Police Authority	(447)	(332)
Shropshire & Wrekin Fire Authority	(222)	(165)
	(3,650)	**(2,777)**

4. Allocation of Fund Balance (NDR)

	2016/17 £000	2017/18 £000
Telford & Wrekin Council	(1,653)	(396)
Shropshire & Wrekin Fire Authority	(34)	(8)
Central Government	(1,687)	(404)
	(3,374)	**(808)**

Group Accounts

Introduction

During 2015/16 the Council established a Wholly Owned Company (NuPlace Ltd) for the provision of market rented housing in the Borough. The standard financial statements consider the Council only as a single entity, accounting for its interests in other organisations only to the extent of its investment, and not current performance and balances. Thus a full picture of the Council's economic activities, financial position, service position, accountability for resources and exposure to risk is not presented in the Council's single entity financial statements.

As a result, group financial statements are produced to reflect the extent of Telford & Wrekin Council's involvement with its group undertakings in order to provide a clearer picture of the Council's activities as a group. The group accounts contain core financial statements similar to those included in the Council's single entity statements, consolidated with figures from organisations considered to be part of the group.

The following pages include:

- Group Expenditure and Funding Analysis
- Group Comprehensive Income and Expenditure Statement
- Reconciliation of the Single Entity Deficit to the Group Deficit
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts where they differ from the notes to the Single Entity Accounts

The group financial statements are presented in accordance with the IFRS based Code. Land and buildings in the Council's single entity accounts are valued at fair value (i.e. the amount that would be paid for an asset in its existing use). Where sufficient market evidence is not available, fair value is estimated at depreciated replacement cost, using the modern equivalent asset method (i.e. the market value of the land on which the building sits plus the current gross replacement cost of the building less an allowance for physical deterioration of the building). Accounting policies are aligned between the group members.

Group Expenditure & Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the local authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. See Note 7 to the main accounts.

2016/17				2017/18		
Net Expenditure Chargeable to the General Fund Balance	**Adjustments Between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income & Expenditure Statement**	**SERVICE**	**Net Expenditure Chargeable to the General Fund Balance**	**Adjustments Between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income & Expenditure Statement**
47,267	(464)	46,803	Adult Social Care	44,348	3	44,351
13,503	4,269	17,772	Business, Development & Employment	926	15,773	16,699
1,260	(1,492)	(232)	Co-Operative Council	1,362	(2,349)	(987)
3,610	(10,908)	(7,298)	Commercial Services	9,582	(13,927)	(4,345)
7,009	3,643	10,652	Council Wide	1,454	6,104	7,558
31,631	(27,958)	3,673	Customer & Neighbourhood Services	31,120	(15,485)	15,635
13,941	(15,338)	(1,397)	Education & Corporate Parenting	17,526	(11,243)	6,283
(27,021)	32,195	5,174	Finance & Human Resources	(18,233)	18,903	670
3,060	(59)	3,001	Governance, Procurement & Commissioning	3,470	31	3,501
1,731	(927)	804	Health & Well-being	1,624	110	1,734
26,428	464	26,892	Children's Safeguarding	29,312	(722)	28,590
122,419	**(16,575)**	**105,844**	**Net Cost Of Services**	**122,491**	**(2,802)**	**119,689**
(122,446)	24,771	(97,675)	Other Income & Expenditure	(122,355)	59,983	(62,372)
(27)	**8,196**	**8,169**	**(Surplus) or Deficit**	**136**	**57,181**	**57,317**
4,274			**Opening General Fund Balance**	**4,301**		
27			Surplus of (Deficit) for year	(136)		
4,301			**Closing General Fund Balance**	**4,165**		

Group Comprehensive Income and Expenditure Account

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

SERVICE	2016/17 Gross Expenditure £000	2016/17 Income £000	2016/17 Net Expenditure £000	2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Net Expenditure £000
Adult Social Care	62,218	15,415	46,803	63,276	18,925	44,351
Business, Development & Employment	26,657	8,885	17,772	30,252	13,553	16,699
Co-Operative Council	1,766	1,998	(232)	1,729	2,716	(987)
Commercial Services	8,978	16,276	(7,298)	10,344	14,689	(4,345)
Council Wide	21,050	10,398	10,652	16,538	8,980	7,558
Customer & Neighbourhood Services	116,249	112,576	3,673	116,587	100,952	15,635
Education & Corporate Parenting	118,747	120,144	(1,397)	127,532	121,249	6,283
Finance & Human Resources	12,377	7,203	5,174	8,086	7,416	670
Governance, Procurement & Commissioning	10,019	7,018	3,001	10,799	7,298	3,501
Health & Well-being	20,540	19,736	804	18,509	16,775	1,734
Safeguarding & Early Help	27,537	645	26,892	29,731	1,141	28,590
Net Cost of Services	**426,138**	**320,294**	**105,844**	**433,383**	**313,694**	**119,689**

	2016/17	2017/18
Other Operating Expenditure (Note 1)	8,324	51,297
Financing and Investment Income and Expenditure	19,516	10,811
Taxation & Non Specific Grant Income and Expenditure	(125,515)	(124,480)
(Surplus) or deficit on provision of services	**8,169**	**57,317**
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets	(2,641)	(5,549)
(Surplus) or deficit on revaluation of Available For Sale Financial Assets	0	(282)
Re-measurements of the net defined benefit pension liability	51,906	(32,630)
Other Comprehensive Income & Expenditure	**49,265**	**(38,461)**
Total Comprehensive Income and Expenditure	**57,434**	**18,856**

Reconciliation of the Single Entity Deficit on Provision of Services to the Group Deficit

2016/17 £000		2017/18 £000
8,029	Deficit from the Single Entity Accounts (Page 41)	57,031
(302)	Deficit/(Surplus) contained within Subsidiary Accounts	(277)
442	Removal of Trading Surpluses from Single Entity Accounts	563
8,169	**Deficit in Group Accounts (Page 109)**	**57,317**

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Group, 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 Group'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 for council tax setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance & reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2016 carried forward restated	**59,085**	**2,860**	**61,945**	**36,998**	**98,943**
Total Comprehensive Income and Expenditure	**(8,169)**	**0**	**(8,169)**	**(49,265)**	**(57,434)**
Adjustments between accounting basis & funding basis under regulations	16,657	460	**17,117**	(17,117)	**0**
Increase/ (Decrease) in 2016/17	**8,488**	**460**	**8,948**	**(66,382)**	**(57,434)**
Balance at 31 March 2017 carried forward restated	**67,573**	**3,320**	**70,893**	**(29,384)**	**41,509**
Total Comprehensive Income and Expenditure	**(57,317)**	**0**	**(57,317)**	**38,461**	**(18,856)**
Adjustments between accounting basis & funding basis under regulations	70,665	(377)	**70,288**	(70,288)	**0**
Increase/ (Decrease) in 2017/18	**13,348**	**(377)**	**12,971**	**(31,827)**	**(18,856)**
Balance at 31 March 2018 carried forward	**80,921**	**2,943**	**83,864**	**(61,211)**	**22,653**

It can be seen from this table that there is total reserves of £80.9m, of this only £4.2m is uncommitted general fund balances. The remainder being unusable reserves, earmarked reserves and school balances.

Group Balance Sheet

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

31 March 2017 *£000*		**31 March 2018** **£000**	**31 March 2018** **£000**
514,081	Property, Plant & Equipment (Note 3)	487,521	
89,077	Investment Properties (Note 4)	118,638	
2,346	Intangible Assets	2,081	
33	Long Term Investments	315	
578	Long Term Debtors	441	
606,115	**Total Long Term Assets**		**608,996**
	Current Assets		
321	Inventories	323	
37,650	Debtors (Note 5)	39,280	
7,474	Assets Held for Sale	14,213	
20,600	Cash and Cash Equivalents (Note 6)	20,071	
66,045		73,887	
	Current Liabilities		
(19,873)	Provisions (Note 7)	(20,290)	
(119,175)	Short term Borrowing	(102,176)	
(58,990)	Creditors (Notes 8)	(65,931)	
(198,038)		(188,397)	
(131,993)	**Net Current Assets/(Liabilities)**		**(114,510)**
(100,873)	Less Long Term Borrowing		(154,526)
(55,491)	Less Long Term Creditors		(54,640)
(275,500)	Less Pensions Liability		(258,739)
(749)	Capital Grants Receipts in Advance		(3,928)
41,509	**Net Assets**		**22,653**
70,893	Usable Reserves (Note 9)		83,864
(29,384)	Unusable Reserves (Note 10,11 & 12)		(61,211)
41,509	**Net Reserves**		**22,653**

Group Cash Flow Statement

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

2016/17		2017/18
£000		£000
8,169	Net (surplus) or deficit on the provision of services	57,317
(31,583)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 14)	(92,235)
44,384	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 15)	32,629
20,970	**Net cash flows from Operating Activities**	**(2,289)**
19,409	Investing Activities (Note 16)	36,841
(53,368)	Financing Activities (Note 17)	(34,023)
(12,989)	**Net (increase) or decrease in cash and cash equivalents**	**529**
7,611	Cash and cash equivalents at the beginning of the reporting period	20,600
20,600	Cash and cash equivalents at the end of the reporting period (Note 6)	20,071

Group Note 1. Other Operating Expenditure

2016/17 £000		2017/18 £000
3,489	Parish Council precepts	4,003
250	Payment of RSG to Parishes	186
4,601	(Gains)/losses on the disposal of non-current assets – Academies and Trust Schools	48,024
(16)	(Gains)/losses on the disposal of non-current assets – Other Assets	(916)
8,324	**Total**	**51,297**

Group Note 2. Financing and Investment Income and Expenditure

2016/17 £000		2017/18 £000
9,006	Interest payable and similar charges	9,461
7,328	Pensions interest cost and expected return on pensions assets	6,548
(20)	Interest receivable and similar income	(16)
3,162	Income and expenditure in relation to investment properties and changes in their fair value	(5,182)
40	Other investment income and expenditure	0
19,516	**Total**	**10,811**

Group Note 3. Property, Plant and Equipment

Movements in 2017/18:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation						
At 1 April 2017	**366,345**	**36,426**	**159,954**	**14,362**	**577,087**	**66,091**
Additions	9,042	2,382	20,026	26,283	**57,733**	1,778
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(262)	0	0	1,192	**930**	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(9,984)	0	0	(334)	**(10,318)**	0
derecognition – disposals	(51,165)	(61)	0	0	**(51,226)**	(48,589)
assets reclassified (to) /from Assets Under Construction	109	0	0	(11,408)	**(11,299)**	0
assets reclassified (to)/from Held for Sale	(3,044)	0	0	0	**(3,044)**	0

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
assets reclassified (to) /from Investment Properties	53	0	0	(3,063)	**(3,010)**	0
At 31 March 2018	**311,094**	**38,747**	**179,980**	**27,032**	**556,853**	**19,280**
Less Accumulated Depreciation and Impairment						
at 1 April 2017	**24,696**	**24,172**	**14,138**	**0**	**63,006**	**7,962**
depreciation charge	8,528	2,683	4,003	0	**15,214**	1,606
depreciation written out to the Revaluation Reserve	(2,160)	0	0	0	**(2,160)**	0
depreciation written out to the Surplus/Deficit on the Provision of Services	(3,839)	0	0	0	**(3,839)**	0
derecognition – disposals	(2,828)	(61)	0	0	**(2,889)**	(2,764)
At 31 March 2018	**24,397**	**26,794**	**18,141**	**0**	**69,332**	**6,804**
Net Book Value						
at 31 March 2018	**286,697**	**11,953**	**161,839**	**27,032**	**487,521**	**12,476**
at 31 March 2017	**341,649**	**12,254**	**145,816**	**14,362**	**514,081**	**58,129**
Information on Assets Held at 31/3/18						
Nature of Holding						
Owned	274,221	10,815	161,839	27,032	**473,907**	
Leased	0	1,138	0	0	**1,138**	
PFI	12,476	0	0	0	**12,476**	
Total	**286,697**	**11,953**	**161,839**	**27,032**	**487,521**	

Capital Commitments

At 31 March 2018, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2017/18 and future years budgeted to cost £10.4m. Similar commitments at 31 March 2017 were £6.9m. The major commitments are:

- Town Centre Connectivity - £5.4m
- Southwater Hotel - £1.5m
- Street Lighting - £3.5m

Comparative Movements in 2016/17:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1 April 2016	**356,521**	**35,307**	**134,089**	**34,004**	**559,921**	**61,852**
Additions	15,175	1,119	26,837	20,309	**63,440**	3,890
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(7,930)	0	0	0	**(7,930)**	349
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,765)	0	(972)	0	**(8,737)**	0
derecognition – disposals	0	0	0	(4,801)	**(4,801)**	0
assets reclassified (to) /from Assets Under Construction	17,900	0	0	(17,900)	**0**	0
assets reclassified (to)/from Held for Sale	(5,708)	0	0	200	**(5,508)**	0
assets reclassified (to) /from Investment Properties	(1,848)	0	0	(17,450)	**(19,298)**	0
At 31 March 2017	**366,345**	**36,426**	**159,954**	**14,362**	**577,087**	**66,091**
Less Accumulated Depreciation and Impairment						
at 1 April 2016	**30,024**	**21,548**	**11,984**	**0**	**63,556**	**6,445**
depreciation charge	8,657	2,624	3,333	0	**14,614**	1,517
depreciation written out to the Revaluation Reserve	(8,540)	0	(77)	0	**(8,617)**	0
depreciation written out to the Surplus/Deficit on the Provision of Services	(5,445)	0	(1,102)	0	**(6,547)**	0
derecognition – disposals	0	0	0	0	**0**	0
At 31 March 2017	**24,696**	**24,172**	**14,138**	**0**	**63,006**	**7,962**

Group Note 4. Investment Properties

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

2016/17 £000		2017/18 £000
(8,028)	Rental income from investment property	(9,966)
2,963	Direct operating expenses arising from investment property	3,901
(5,065)	**Net Operational (gain)/loss**	**(6,065)**
8,227	Net (gain)/loss on revaluation of properties	883
3,162	Total Net (gain)/loss	**(5,182)**

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

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

2016/17 £000		2017/18 £000
71,368	**Balance at start of the year**	**89,077**
7,164	Additions	17,207
(526)	Disposals	(844)
(8,227)	Revaluation Increases/(Decreases) met from net surplus /deficit on provision of services	1,575
	Transfers:	
19,298	- (to)/from Property, Plant and Equipment	11,623
89,077	**Balance at end of the year**	**118,638**

Group Note 5. Debtors

2016/17 £000		2017/18 £000
	Amounts falling due in one year:	
7,232	Central Government	7,518
72	Other Local Authorities	42
973	NHS Bodies	1,403
574	Public Corporations and Trading Funds	24
35,530	Other Entities and Individuals	36,958
44,381	**Gross Debtors**	**45,945**
(6,731)	Provision for doubtful debts	(6,665)
37,650	**Total**	**39,280**

Group Note 6. Cash and Cash Equivalents

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

2016/17 £000		2017/18 £000
123	Cash held by the Authority	124
9,376	Bank current accounts	6,167
11,101	Call Accounts	13,780
20,600	**Total Cash and Cash Equivalents**	**20,071**
0	Bank Account Overdrawn	0
20,600	**Net Cash Position for Cash Flow Purposes**	**20,071**

Group Note 7. Provisions

	2017/18 Opening £000	Transfers/ Receipts in year £000	Transfers/ Payments in year £000	2017/18 Closing £000
Restructure Provision	461	26	0	487
Single Status Provision – Non Schools	3,593	2	(167)	3,428
Single Status Provision – Schools	12,417	0	0	12,417
NDR Appeals Provision	3,293	3,808	(3,293)	3,808
Litigation Costs	44	0	(24)	20
Deferred Taxation	65	65	0	130
Total	**19,873**	**3,901**	**(3,484)**	**20,290**
2016/17	20,073	3,363	(3,563)	19,873

Restructure Provision - the accounts include a provision to meet committed severance costs which relate to the ongoing restructuring programme which is part of the Council's strategy for delivering savings. The amount in the provision at 31 March 2018 was £0.487m.

Single Status - Single Status is a national pay and conditions agreement for staff employed under NJC terms and conditions, who form a significant proportion of the Council's workforce. The agreement is effective from 1st April 2007, however the process is not yet complete and it has been necessary to include a provision against the potential costs in the 2017/18 accounts, as was the case last year and previous years. The total amount in the provision at 31 March 2018 was £15.8m.

NDR Appeals – under the new arrangements for the retention of business rates, authorities are required to make a provision for refunding ratepayers who successfully appeal against the rateable value of their property on the rating list. Based on information relating to outstanding appeals provided by the Valuation Office, £7.8m is estimated as the amount required to set aside for this purpose in the 2016/17 accounts (£6.7m 2016/17). Telford & Wrekin Council's proportion of this is £3.8m (49%) (£3.3m 2016/17).

Litigation Costs - This was created for 2015/16 and is to cover the anticipated costs of a settlement reached with members of the Amalgamated Personal Property Searches (APPS) Group. The total amount in the provision at 31 March 2017 was £0.02m (£0.04m 2016/17).

Deferred Taxation – A provision has been created in relation to deferred taxation, within NuPlace's accounts, on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statement.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted at the balance sheet date.
Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Group Note 8. Creditors

2016/17 £000		2017/18 £000
8,504	Central Government	9,705
2,007	Other Local Authorities	1,623
10	NHS Bodies	10
840	Public Corporations and Trading Funds	898
44,908	Other Entities and Individuals	50,680
2,721	PFI and Leases	3,015
58,990	**Total**	**65,931**

Group Note 9. Usable Reserves - Transfers to/from Earmarked Reserves & Balances

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and below.
This note sets out the amounts set aside from General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2017/18.

	General Fund Balance £000	Earmarked General Fund Reserves £000	School Balances £000	Revenue Grants & Other Balances £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000
Balance at 31 March 2016 carried forward	**4,274**	**45,456**	**6,551**	**2,804**	**0**	**2,860**	**61,945**
Movement / Use of reserves during 2016/17	27	10,073	(1,431)	(181)	0	460	8,948
Balance at 31 March 2017 carried forward	**4,301**	**55,529**	**5,120**	**2,623**	**0**	**3,320**	**70,893**
Movement / Use of reserves during 2017/18	(136)	14,586	(1,332)	230	0	(377)	12,971
Balance at 31 March 2018 carried forward	**4,165**	**70,115**	**3,788**	**2,853**	**0**	**2,943**	**83,864**

Group Note 10. Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2016/17 £000		2017/18 £000
202,498	**Balance Brought Forward**	**205,636**
(35,454)	Charges for depreciation and impairment of non-current assets	(20,368)
(1,024)	Amortisation of intangible assets	(1,239)
(11,772)	Revenue expenditure funded from capital under statute	(13,200)
(5,965)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(48,102)
4,807	Adjusting amounts written out of the Revaluation Reserve	5,383
8,703 35,221	Capital financing - Capital receipts - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	2,252 30,754
395	Minimum Revenue Provision	467
8,227	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	883
205,636	**Balance Carried Forward**	**162,466**

Group Note 11. Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2016/17		2017/18
£000		£000
0	**Balance at 1 April**	**0**
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
0	Transfer to the Capital Receipts Reserve upon receipt of cash	0
0	**Balance at 31 March**	**0**

Group Note 12. Revaluation Reserve

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

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

The Reserve contains only revaluation gains accumulated since 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.

2016/17 £000		2017/18 £000
44,823	**Balance brought forward**	**40,016**
2,641	Upwards revaluation of assets	5,549
0	Downward revaluations of assets and impairment losses not charged to the Surplus/Deficit on provision of services	0
(1,059)	Difference between fair value depreciation and historical cost depreciation	(1,040)
(6,389)	Accumulated gains and losses on assets sold or scrapped	(7,434)
40,016	**Balance carried forward**	**37,091**

Group Note 13. 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/PP 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 CFR is analysed in the second part of this note.

2016/17 £000		2017/18 £000
335,570	**Opening Capital Financing Requirement**	**367,326**
	Capital Investment	
63,440	Property, Plant & Equipment	57,733
7,164	Investment Properties	17,207
90	Assets Held for Sale	1,187
933	Intangible Assets	974
11,772	Revenue Expenditure funded from Capital under Statute	13,200
186	Leased Vehicles	490
	Sources of Finance	
(8,703)	Capital Receipts	(2,252)
(7,510)	Finance Leases & De Minimis Capital Expenditure	(1,748)
(35,221)	Government Grants and Other Contributions	(30,754)
(395)	Revenue Provision (NB: includes MRP)	(467)
367,326	**Closing Capital Finance Requirement**	**422,896**

2016/17 £000		2017/18 £000
31,756	**Movement for Year**	**55,570**
	Explanation of movements in the year	
1,268	Increase in underlying need to borrow (supported by Government financial assistance)	7
30,488	Increase in underlying need to borrow (unsupported by Government financial assistance)	55,563
31,756	**Increase/(decrease) in Capital Financing Requirement**	**55,570**

Group Note 14. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services for non-cash movements

2016/17 £000		2017/18 £000
(29,155)	Impairment and depreciation of property, plant and equipment and intangible assets	(18,583)
(68)	(Increase)/decrease in interest creditors	(169)
2,891	(Increase)/decrease in creditors	(5,534)
(5)	Increase/(decrease) in interest/dividend debtors	5
10,592	Increase/(decrease) in debtors	(1,427)
(30)	Increase/(decrease) in inventories	2
(10,947)	Pension Liability	(15,869)
200	Contribution (to)/from provisions	(417)
(13,288)	Carrying amount of non-current assets sold	(49,360)
8,227	Movement in Investment Property Values	(883)
(31,583)	**Total**	**(92,235)**

Group Note 15. Cash Flow Statement – Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities

2016/17 £000		2017/18 £000
35,681	Capital grants credited to surplus or deficit on the provision of services	30,377
0	Proceeds from sale of short and long term investments	0
8,703	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,252
44,384	**Total**	**32,629**

Group Note 16. Cash Flow Statement – Investing Activities

2016/17 £000		2017/18 £000
71,155	Purchase of property, plant and equipment, investment property and intangible assets	74,788
290	Other payments for investing activities	282
(5,157)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	798
0	Proceeds from short-term and long-term investments	0
(46,879)	Other receipts from investing activities	(39,027)
19,409	**Net cash flows from investing activities**	**36,841**

Group Note 17. Cash Flow Statement – Financing Activities

2016/17 £000		2017/18 £000
(207,950)	Cash receipts of short and long term borrowing	(279,000)
(899)	Other receipts from financing activities	409
696	Appropriation to/from Collection Fund Adjustment Account	701
152,178	Repayments of short and long term borrowing	241,074
2,607	Cash payments in relation to finance leases and PFI agreements	2,793
(53,368)	**Net cash flows from financing activities**	**(34,023)**

Glossary

Accounting Policies	The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 issued by the Chartered Institute of Public Finance & Accountancy and comply with the International Financial Reporting Standards (IFRS) approved by the Financial Reporting Advisory Board.
Balances	See Reserves and Balances.
Balance Sheet	A statement of recorded assets and liabilities at a given point in time i.e. 31st March for Local Authorities.
Business Rates	This is the income collected from business premises in respect of National Non Domestic Rates. Also known as Non Domestic Rates (NDR) and Retained Business Rates.
Budget	The financial statement reflecting the Council's policies over a period of time i.e. what the Council is going to spend to provide services.
Capital Expenditure	Expenditure on items that have a life of more than one year, such as buildings, land, major equipment.
Capital Receipts	The proceeds from the disposal of land or buildings, or other assets. These can be used to finance new capital expenditure.
Capping	The Government has the power to tell Councils to set a lower council tax requirement if it thinks the year on year increase is excessive.
CIPFA	The Chartered Institute of Public Finance and Accountancy.
CIPFA/SOLACE	CIPFA/SOLACE Delivering Good Governance in Local Government - Framework - CIPFA - the Chartered Institute of Public Finance and Accountancy, have worked with SOLACE - the Society of Local Authority Chief Executives and Senior Managers, to develop the good governance framework for local authorities based on the "The Good Governance Standards for Public Services" produced by the Office for Public Management.
Collection Fund	A separate statutory fund maintained by the Council, as billing authority, which records council tax and non-domestic rates collected, together with payments to precepting authorities (Police, Fire, Parishes), the Government and the Council's own General Fund.
Comprehensive Income & Expenditure Statement (CIES)	Summarised income and expenditure during the year by service area. Includes both revenue and capital items.
Council Tax	The main source of local taxation to local authorities. Council tax is levied on dwellings within the local authority area by the billing authority.
Creditors	Represent the amount that the Council owes other parties, shown on the balance sheet at year end.
Debtors	Represents the amounts owed to the Council, shown on the balance sheet at year end.

Depreciation	The accounting term used to describe the write off of the reduction in value of a fixed asset due to wear and tear, passing of time.
Dedicated Schools Grant (DSG)	Specific ring-fenced grant allocated by the Department for Education for the funding of schools.
Discounts	The benefit obtained from re-scheduling debt.
International Accounting Standard 19 (IAS19)	Accounting for Retirement Benefits – local authorities are required to reflect the true value of the assets and liabilities relating to the Pension Fund in their financial statements. This creates a notional amount in the balance sheet and does not impact on council tax.
Leases	A method of funding expenditure by payment over a defined period of time. An **operating lease** is similar to renting, the ownership of the asset remains with the lessor and the transaction does not fall within the capital control system. **Finance leases** are more akin to borrowing and do fall within the capital system.
LOBO	A LOBO is a market loan to the Authority. LOBO stands for Lenders Option Borrowers Option. What this means is that the loan has a fixed interest rate but the lender has the option to increase that rate at specified intervals. If they exercise that option then the Authority has to option to either accept the new rate or repay the loan.
Local Services Support Grant (LSSG)	Local Services Support Grant is a general grant that is not allocated to the cost of services but is shown with other grants such as RSG.
MRP	Minimum Revenue Provision – This is the amount charged against the Income and Expenditure Account for the year in relation to the repayment of debt on borrowing in order to fund capital expenditure.
Non Domestic Rates (NDR)	This is the income collected from business premises in respect of National Non Domestic Rates (NNDR). Also known as Non Domestic Rates (NDR), Business Rates and Retained Business Rates.
Outturn	Actual Expenditure and Income within a particular year.
Pension Fund	An employee's pension fund is maintained in order to make pension payments on retirement to participants. It is financed from contributions from the employing authority (The Council), the employee and investment returns.
Premia	A penalty payment that may be incurred when debt is repaid early.
Private Finance Initiative (PFI)	A central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance.
Provisions	Amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise is uncertain.
Public Works Loans Board (PWLB)	A Government agency providing long and short term loans to local authorities at interest rates only slightly higher than those at which Government itself can borrow.

Revenue Expenditure	Expenditure on the day to day running costs of the Council, such as salaries, wages, utility costs, repairs and maintenance.
Revenue Expenditure funded from Capital under Statute	This is expenditure that is classified as capital although it does not result in the creation of a fixed asset. Examples of this are grants, advances and financial assistance to others, costs of stock issues, expenditure on properties not owned by the authority and amounts directed by the Government.
Revenue Support Grant (RSG)	The main Government grant given to Local Authorities to assist in paying for local services. The amount of RSG paid is calculated on the basis of a Settlement Funding Assessment, also determined by Government.
Reserves & Balances	Amounts set aside to meet future expenditure. Every local authority must maintain general balances as a matter of prudence.
Section 151	Section 151 of the Local Government Act 1972 requires that Council's nominate an officer to be responsible for the proper administration of their financial affairs (The Chief Financial Officer). For Telford & Wrekin this is the Assistant Director Finance and Human Resources.
Soft Loan	A loan granted at lower than the prevailing interest rate
Special Fund Revenue Account	Included in the Income And Expenditure Account but specifically summarises the cost of providing some specific services that in some areas are provided by Parish Councils but in others are provided by the Council.
Special Purchaser	A particular buyer for whom a certain asset has special value because of advantages arising from its ownership that would not be available to general buyers in the market.
Trading Services	A service run in a commercial style and provides services that are mainly funded from fees and charges levied on users.
Variance	The difference between budgeted expenditure and actual outturn. Also referred to as an over or under spend.
Virement	A switch of resource from one budget head to another. The rules concerning virement are contained in the Financial Regulations.