



2013/14 STATEMENT OF ACCOUNTS



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EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS 2013/14

WHAT IS THE STATEMENT OF ACCOUNTS?

Within an organisation of the size and complexity of Plymouth City Council, with a gross annual budget in excess of £550m, the formal accounts are both technical and complex. We have therefore aimed to set out the information within these accounts using simple and clear language and terms wherever possible. However, at times it will be necessary to use technical terms – there is a glossary here to explain the technical terms used.

As part of the accountability for Local Authorities to give confidence that public money has been properly accounted for, we are required by law to produce an annual set of accounts. These accounts cover the financial year April 2013 to March 2014. They show a clear and accurate report of the financial position, informing Stakeholders of Plymouth City Council that we have properly accounted for all of the public money we have received and spent, and that the Council has a secure and sustainable financial standing. Together with the movements in the balance sheet they lay out the 'net worth' of the Authority. So, the purpose of this Foreword is to provide a guide to the most significant matters reported in the Council's accounts.

The budget and subsequent monitoring reports within this Explanatory Foreword are based on the Council's management accounts. At the end of the year a number of presentational and accounting entries are made to the management accounts in order to take account of the requirements of The Code and produce the statutory Statement of Accounts in a format consistent across all authorities.



A WORD FROM OUR SECTION 151 OFFICER



Malcolm Coe
Assistant Director for Finance

Welcome to our Statement of Accounts!

Plymouth City Council, in line with all other Local Authorities across the country, is facing the biggest challenge in terms of falling central government funding that we have experienced in a very long time

We have faced reducing resources since 2010 during which time the demand for our core services has continued to grow. We have been hugely successful in driving out savings and working more efficiently over the last three years, removing more than £30m from our net revenue budget whilst retaining and improving services to our customers along the way.

However, high level analysis for the financial years from 2014/15 to 2016/17 demonstrates that we could be facing a funding shortfall of £65m if we were to take no further action. To achieve this level of saving against a net revenue budget of £212.560m will require a radical think about how the council organises itself and operates in the future. Quite simply, we cannot retain the delivery of all of our many services to the public of Plymouth at their existing level, through their existing method of delivery.

These accounts are the detailed financial records for 2013/14, the final year of our initial three year financial plan covering 2011/12 to 2013/14. The revenue budget set an ambitious target of reducing spending by £17.6m in year, which is over 8% of the total budget. I am delighted to report that our net spend at the end of the year was just £0.058m more than the budget target that we set, which is a tremendous achievement and testament to the strong financial management and discipline across all areas of the council.

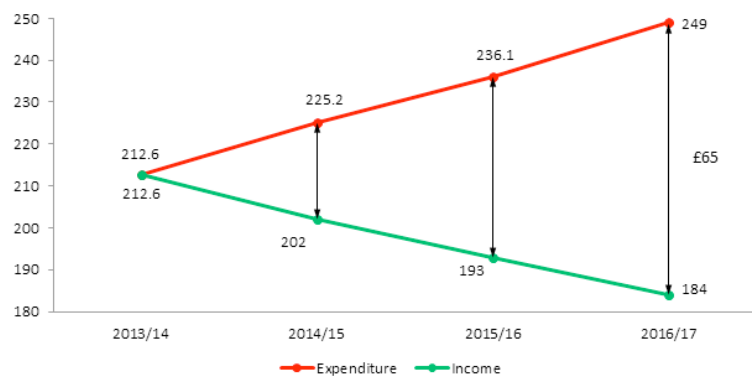
Balancing the budget without the need to draw down against our financial reserves provides us with a strong foundation to address the challenges ahead. However, there are specific areas of departmental service pressure that continue to present us with significant financial risk moving forward, mainly in relation to our Co-operative Commissioning and Adult Social Care programme where costs exceeded the budget by £2.1m at year end. With increasing client numbers linked to people living longer, there is even more need to join in partnership with colleagues from health to place our combined limited funding into preventative work, supporting people to live healthy live-styles within the community.

Within the strained financial climate, the council has set out its future direction in a 'Brilliant Co-operative Council Corporate Plan' which clearly lays out the objectives, outcomes and values that the council is committed to whilst driving down spend and maximising income in order to balance the books. The plan contains ambitious objectives around the themes of Pioneering, Growing, Caring and Confident Plymouth.

Setting a robust, reliable three year balanced budget is crucial for the council to deliver against its co-operative vision. With falling resources and increasing demand and costs on our services, it is imperative that a more strategic, and prioritised, approach is taken to medium term budget setting.

As a Council, we have every confidence that we will succeed in delivering these savings, and emerge in a strong position to take on the next set of financial challenges.

Funding gap over 3 years



OUTTURN POSITION 2013/14 – A SUMMARY

We came very close to balancing the books in 2013/14. Against our budget of £212.560m, our total revenue spend for the year was £212.618m, representing an over spend of £0.058m. Given the size of the challenges we faced, this is a major achievement

The table below shows that all directorates except one came in with actual expenditure below the allocated budget. The exception is the People Directorate, which recorded an overall total overspend across all areas of £0.862m. This includes the £2.1m overspend within the Co-operative Commissioning and Adult Social Care area, and a £0.272m overspend within Children’s Social Care, both being offset by major savings from Education, Learning & Family Support and also Homes & Communities.

PROVISIONAL OUTTURN POSITION 2013/14

Directorate	Budget	Outturn	Year End Overspend / (Underspend)
	£m	£m	£m
People	130.483	131.345	0.862
Place	43.029	42.787	(0.242)
Corporate Services	30.996	30.682	(0.314)
Chief Executive’s Office	2.225	2.222	(0.003)
Corporate Items	5.827	5.582	(0.245)
TOTAL	212.560	212.618	0.058

The 2013/14 overspend for the Co-operative Commissioning and Adult Social Care service is attributed to unexpected sustained pressures including Derriford Hospital being on black and red alert for longer than in previous years; an increase in the overall number and cost of Supported Living Learning Disability clients with increasing complexity of need; and the increase to care home fees. To put this in context, we

must consider that this service area is responsible for just under £78m of the Council’s net budget, or put another way approx. 37% of the total resource allocation; the adverse position at the end of the year, although a large sum, represents less than a three per cent overspend against the budget.

To offset areas of additional expenditure, we had to reduce all areas of spend, and we again ran a time-limited Voluntary Release Scheme (VRS) which allowed employees to request to leave the Council. There were a total of 131 expressions of interest for received for the scheme, resulting in 46 employees choosing to leave. In addition, a total of 55 employees have left via redundancies.



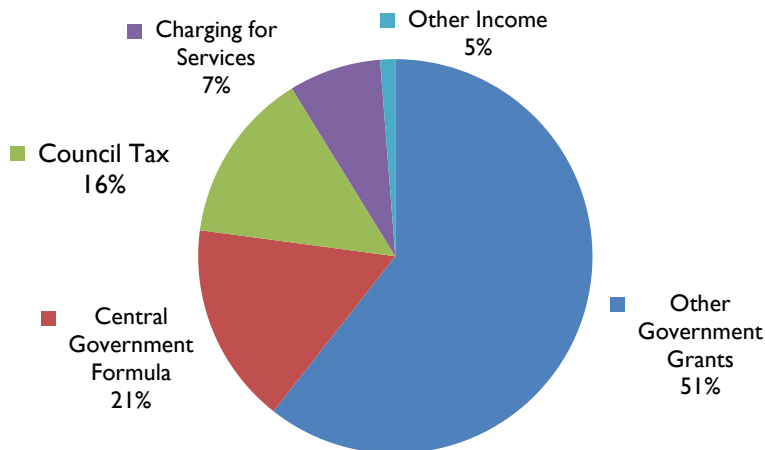
Despite the difficult economic situation, we continued to be successful in collecting both our council tax and our business rates and we also saw the benefit of the Devon-wide Non Domestic Rates (Business Rates) Pool, which in this its first year gave us a benefit of £0.479m through working in partnership

The £0.058m overspend has been met from the General Fund Working Balance. The balance at the start of the year was £10.797m; after taking into account the final deficit for the year of £0.058m, the working balance to carry forward as of 31 March 2014 stands at £10.739m.

	31 March 2013	Outturn	31 March 2014
Working Balance	10.797m	(0.058)m	10.739m

GENERAL FUND REVENUE ACCOUNT

2013/14 Income Sources



MONEY IN...INCOME SOURCES

Our Revenue Budget is financed from Council Tax, fees and charges, Government grants, external contributions and other income. The following diagram is helpful in understanding how the 2013/14 revenue budget was financed:-

The Council set a band D Council Tax for the year of £1,269.55 for the Authority's element of Council Tax, at its meeting of 25 February 2013.

MONEY OUT... WE SPENT OUR MONEY ON

We monitor the expenditure of the Council across three Directorates, being People, Place and Corporate Services, with a small Chief Executive's Office and council-wide areas covered within our Corporate Items.

People Directorate		£m	Place Directorate		£m
Children's Social Care		26.601	Economic Development		1.966
Co-operative Commissioning & Adult Social Care		75.990	Transport & Infrastructure		14.519
Education, Learning & Family Support		17.544	Planning		1.941
Homes & Communities		10.949	Environmental Services		24.871
Management and Support		0.261	Management and Support		(0.510)
Total		131.345	Total		42.787
Corporate Services Directorate		£m	Corporate Items		£m
Finance, Efficiencies, Technology and Assets		17.391	Capital Financing		8.800
Human Resources and Occupational Development		2.773	Major Projects		0.008
Legal & Democracy		4.919	Other Corp. Items		(2.768)
Customer Services		4.834			
Management and Support		0.307			
Total		30.224	Total		6.040
Chief Executive's Office		£m			£m
Total		2.222	Total		212.618

CAPITAL OUTTURN 2013/14

Capital expenditure generally relates to the creation of fixed assets and other items with a useful life or benefit of greater than one year. In many instances capital expenditure on a scheme will extend beyond one year and it is therefore normal for there to be variations in the programme during the year.

Directorate	Budget	Outturn	Year End Overspend / (underspend)
	£m	£m	£m
Corporate Services	5.436	3.957	(1.479)
People Directorate	30.257	28.980	(1.277)
Place Directorate	18.890	14.280	(4.610)
Sub Total	54.583	47.217	(7.366)

The Council has an ambitious capital investment plan, designed to improve the City's infrastructure, economy and housing. For 2013/14, capital expenditure totalled £47.217m, representing 87% of the latest approved budget of £54.583m.

The 2013/14 programme has enabled investment in some notable schemes, including £20m on building and maintaining schools and academies, £4m on removing potholes in roads, £1.9m on Disabled Facilities Grants, a £2m contribution towards the regeneration and modernisation of Plymouth Theatre Royal, supporting £1.6m of Vehicle and Plant replacement on an invest to save basis.

The year-end position highlights £7m re-profiling of schemes into 2014/15, many of these relate to transactions planned to take place towards the end of the year that have not quite come to fruition in time. The main areas are:

- £2.0m of transport schemes
- £1.0m Seaton Land acquisition
- £0.8m settling final account re Chelson Meadow
- £0.4m vehicle replacement

The main variation relates to a reduction in education spend because some academies have directly procured elements of wider projects that the Council originally planned to procure for them.

The main sources of capital grant funding are: Lottery Grant, Department for Education & Skills, Department for Transport Section 56, Department for Communities and Local Government (DCLG) (including Disabled Facilities grant) and Section 106 developer's contributions. The 2013/14 programme was fully funded:

Capital Receipts	Unsupported Borrowing	Grants	Contributions	Planning Gains	Revenue	Funds	Total
£m	£m	£m	£m	£m	£m	£m	£m
3.114	4.545	34.138	0.992	0.539	3.242	0.647	47.217



TREASURY MANAGEMENT

The Council's Treasury Management Strategy is approved by Full Council each year. As an overriding principle, the strategy proposed that the Council would continue to minimise risk contained within its current debt and investment portfolios by establishing an integrated debt management and investment policy which balanced certainty and security, with liquidity and yield. The Council would continue to make use of short-term variable rate borrowing, whilst at the same time seeking to balance its investments across a range of investment instruments.

An annual report on the outcome of Treasury Management activities against the strategy for the year is required to be presented to Full Council and, can be found on our website:

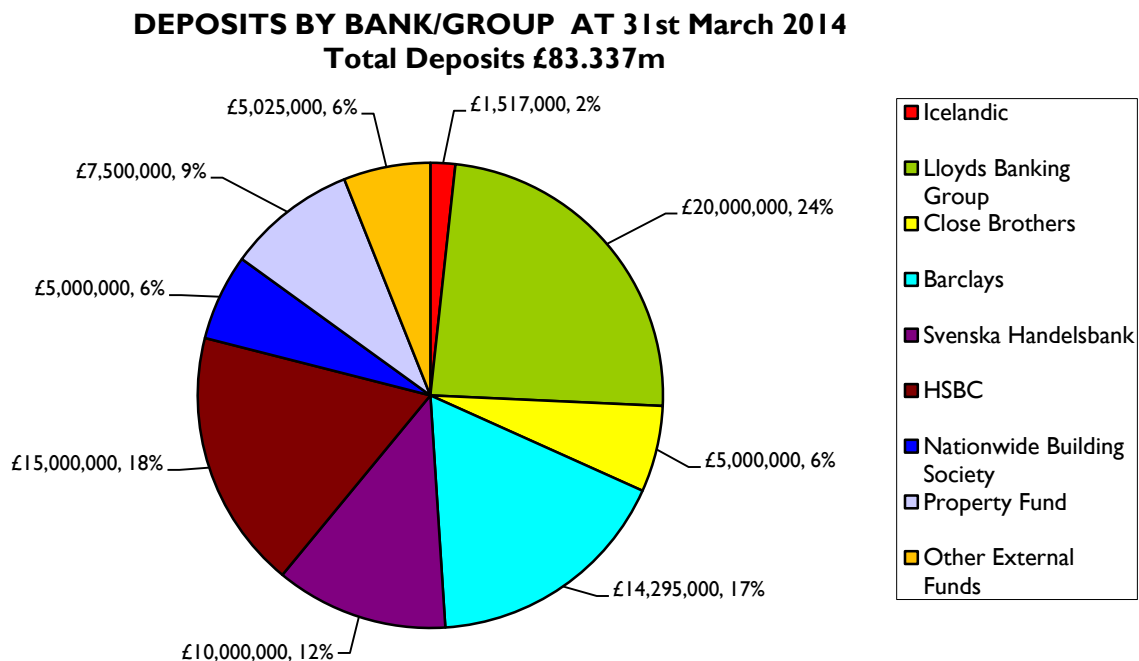
<http://www.plymouth.gov.uk/homepage>

External Borrowing

At the year-end, borrowing from external lenders totalled £225.139m, as shown in the table below. This should be viewed in relation to the value of the Council's operational land and buildings, plant and equipment and investment properties, which have a net book value of £448.297m at the 31 March 2014. The table below shows the absolute cash value of the debt which differs from the Balance Sheet value due to accounting treatment requirements.

External Borrowing	Principal O/S	Average Rate
	£m	%
PWLB (Public Works Loan Board)	44.252	5.76
Market Loans	100.000	4.38
Bonds	0.087	0.66
Temporary Loans	80.800	0.30
Total Borrowing	225.139	3.19
PFI	29.440	8.73
Other Finance lease liability	1.938	n/a
Other liabilities	8.889	n/a
Total Debt 31/3/12	265.406	n/a

At the year-end, our investments were as follows:



OVERVIEW OF THE ACCOUNTING STATEMENTS

Statutory Duty and Compliance with Regulations

The Accounts and Audit (England) Regulations 2011 require the Council's Section 151 Officer, the Assistant Director for Finance, to certify that the accounts present a 'true and fair' view of the financial position of the Council as at the 31 March 2013 and its income and expenditure for the year ended 31 March 2014.

We are required to prepare the Statements in accordance with the Code of Practice on Local Authority Accounting, based on International Financial Reporting Standards (IFRS). The two key documents:-

- Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and Update (The Code)
- Service Reporting Code of Practice for Local Authorities 2012/13 and Update (SeRCOP)

These codes are updated annually by the Chartered Institute of Public Finance and Accountancy (CIPFA). There were no major changes for 2013/14.

The Annual Governance Statement

The Code also sets out the statutory requirement, under the Accounts and Audit (England) Regulations 2011, for every local authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and to include a statement reporting on the review with the Statement of Accounts. This review takes the form of the Annual Governance Statement (AGS).

In 2011/12 the decision was taken that the AGS would no longer form part of the published Statement of Accounts document but would stand-alone to reflect the fact that its scope is wider than just the financial transactions of the authority. However, it will be published alongside the Statement of Accounts on the Council's website as is required by the Code. The AGS will be reported to and approved by Audit Committee on 26 June 2014.

Contents



The Statement of Accounts comprises:

- An Explanatory Foreword
- Statement of Responsibilities for Statement of Accounts
- The Main Accounting Statements and related Notes to the Accounts
- Supplementary Statements in relation to the Collection Fund

The Accounting Statements comprises four Core Financial Statements as follows:

- The Movement in Reserves Statement
- The Comprehensive Income and Expenditure Statement
- The Balance Sheet
- The Cash Flow Statement

These main statements are then supplemented by:

- The Notes to the Core Financial Statements
- The Collection Fund Account
- [A Glossary of technical terms](#)

Pension Liabilities

Plymouth City Council employees are eligible to join the Local Government Pension Scheme (LGPS) which is managed by Devon County Council on behalf of the Devon Authorities. The accounting requirements of International Accounting Standard (IAS) 19 have resulted in a pension liability of £375.792 being reflected in the Council's Balance Sheet. This represents Plymouth City Council's liability to the Local Government Pension Scheme (LGPS). In addition, the Council discloses a long-term creditor of £16.119m on the Balance Sheet. This represents its share of Devon County Council's on-going liability to pay enhanced pension costs that existed at the time of Local Government Reorganisation in 1998.

These amounts are matched by a pensions reserve and therefore have no impact on the Council's revenue balances. The pension liability as at 31 March 2014 has increased following the actuaries review of the position.

The negative balance that arises on the Pensions Reserve measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

The level of contributions required to be made by the Council into the fund are set by independent actuaries. The contribution levels are reviewed every three years following a triennial review of the fund by the actuaries. The current contribution rate is based on 20.1% of pensionable salary costs for those employees in the Devon pension scheme and this will remain until 2017 when the next full actuarial is undertaken.

Partnership Arrangements

Highways Maintenance

The Council entered into a contract with Amey in December 2008 to manage the Council's Local Transport Plan (LTP) revenue works, including maintenance, pre-planned and ad hoc works on highways, footpaths, gritting, walls etc. Amey also undertake design works and delivery of an element of the Council's capital Local Transport Plan programme. The contract is for a period of 7 years, extendable by a further 3 years, with an estimated total value of approximately £150m.

Devon Audit Partnership

The Council is part of an Internal Audit Partnership with Torbay Council and Devon County Council. This partnership was set up in April 2009 to improve the provision of Internal Audit services whilst realising efficiency gains across the three authorities. This is held up nationally as an example of good practice. The contract has been extended by a further three years commencing 1 April 2014, with the introduction of the Office of the Police & Crime Commissioner of Devon, Cornwall and the Isles of Scilly to the board, as a non-voting member.

South West Devon Waste Partnership

The Council is part of a Waste Partnership with Torbay Council & Devon County Council, which was set up in 2008 to source a household waste disposal solution for South West Devon. A 25 year contract was signed with MVV Umwelt in March 2011, with delivery of the service via an “Energy from Waste” (EfW) facility being constructed in Plymouth; the plant is scheduled for completion this autumn.



Material Events after the Balance Sheet date

The Council is required to take into account items occurring after 31 March 2014 if they would have a material effect on the financial information presented and must publish the date up to which such events have been considered. The Statement of Accounts therefore includes all post Balance Sheet events up to and including the 25 September 2014.

Contingent Assets & Liabilities

Contingent assets identify potential income that the Council may recover either as a result of legal action or reimbursement of overpayments. The Council has no contingent assets to declare.

Contingent liabilities represent areas that may result in a financial liability to the Council but which cannot be quantified with any certainty both in terms of timing and amounts and therefore have not yet been charged to the accounts. The main contingent liabilities are:

PLUSS Organisation Ltd - the Council has guaranteed payments into the pensions fund for transferred employees, and jointly agreed a bank overdraft facility along with Torbay and Devon County Councils.

Single status equal pay claims - the Council has a number of claims currently subject to a tribunal hearing. However depending on the ruling of the tribunal, it is possible that further claims may be submitted.

Civic Centre - a contingent liability has been disclosed whilst the future of the building remains to be determined.

Connexions (Careers South West) - the Council has guaranteed to meet an element of pension liabilities should the organisation be wound up.

Plymouth Community Homes (PCH) - as part of the housing stock transfer the Council was required to provide a number of warranties to the funders of PCH.

Eastern Corridor Integrated Transport Scheme - legal action/claim resulting from delays incurred in the Gdynia way transport scheme

Personal Search Fees - Legal claim disputing whether the Council can charge companies.

Contractor claims relating to Environmental Capital works at Chelson Meadow landfill site

Financial Position of the Council

Going into 2014/15

At 31 March 2014 the Council's Working Balance stood at £10.739m or 5.1% of the net revenue budget for 2013/14.

In addition to the Working Balance, the Council has a number of earmarked reserves, set up specifically to meet the costs of future spending plans or known budget pressures. At 31 March 2014, the total earmarked reserves were £24.417m, including £6.427m held on behalf of education/schools.



The Council also has a number of budget provisions set up to meet known liabilities. The main provisions include the insurance fund, and back dated equal pay claims. Provisions held at 31 March 2013 totalled £7.975m. Further details of provisions are in note 15 page 47. Regular reviews of the Council's financial health, in particular a review of reserves and provisions are undertaken during the year

Looking Forward to the Medium Term

A number of significant financial pressures still need to be faced in the medium term, with continued uncertainty around future grant funding and notification dates moving later into the year. The Government is also undertaking a full review of the Business Rates - National Non Domestic Rates (NNDR), with the valuation methods and how to account for future (possible) appeals being two major areas which could have a significant impact.

Within Plymouth City Council, for 2014/15 we have to deliver £14.8m of management actions and a further net £1.2m of saving from our Transformation Programme. Any slippage next year will have an impact on the next two years' budget plans, particularly with the transformation programme which accounts for almost 50% of the required savings by 2016/17.



We have set ourselves stretching targets for increasing our council tax income, through new housing build programmes, as well as growing our business rates base by encouraging new business opportunities. We will also build on our first year success with the Devon wide Business Rates Pool to generate further additional rates income.

Concluding Remarks

The financial statements show that as a result of careful management of the Council's available resources we have achieved a financial outturn for 2013/14 of very close to budget, with a small over spend of £0.058m; maintained an adequate level of reserves and set aside provisions to meet our known future liabilities.

All of these actions leave the Council in a reasonable financial position to cope with the challenges of the future.

The Assistant Director of Finance signed the Draft Statement of Accounts on 26 June 2014. The formal audit of the Draft Statement of Accounts commenced on 1 June 2014, and in line with our statutory

duty we made our accounts available for scrutiny by interested members of the public from 23 June to 21 July 2014.

Following any adjustments, as a result of the audit and/or post balance sheet events, we will present the final Statement of Accounts to the Audit Committee scheduled for September, and following formal sign off we will publish them on our web pages no later than 30 September 2014.

Under the sections 15 and 16 of the Audit Commission Act 1998 and Regulations 9, 10 and 21 of the Accounts and Audit (England) Regulations 2011:

- (a) Any person interested may inspect and make copies of the accounts and books etc. to be audited.
- (b) A local government elector for the area may question the auditor about the accounts and object to any items of unlawful expenditure, loss due to wilful default, failure to bring a sum of income into account, or any other matter of public interest. Persons wishing to question the auditor should do so by prior arrangements by contacting 0117 305 7600.
- (c) If any elector intends to object they must give the auditor prior written notice of any objection and its grounds and send a copy of the notice to the City Council.

The Accounts have subsequently been updated following the results of the audit and re-approved by the Council's Section 151 Officer. The final audited Accounts are required to be approved by the Audit Committee and published by 30 September 2014.

Further information is available on the Council's website:

www.plymouth.gov.uk/homepage/Councilanddemocracy/accounts.htm

or from David Northey, Head of Corporate Strategy, Civic Centre, Plymouth, PL1 2AA. Telephone: (01752) 305428. Email: corporateaccountancy@plymouth.gov.uk

The Council's statutory responsibilities regarding these Accounts are laid out in the section entitled 'Statement of Responsibilities for the Statement of Accounts' page 15.

M Coe
Assistant Director for Finance
Civic Centre
PLYMOUTH
PL1 2AA

Dated: 25 September 2014



STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority 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 for Finance.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

The Assistant Director for Finance responsibilities:

The Assistant Director for Finance is responsible for the preparation of the Authority's Statement of Accounts which is in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

In preparing this statement of accounts, Assistant Director for Finance has:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the Local Authority Code

The Assistant Director for Finance has also:

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

In signing these accounts, the Assistant Director for Finance confirms that these statements give a 'true and fair' view of the financial position of the Authority at 31 March 2014 and of its expenditure and income for the year ended 31 March 2014.

M Coe
Assistant Director for Finance
Civic Centre
PLYMOUTH
PL1 2AA

Dated: 25 September 2014

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDING 31 MARCH 2014

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.

2012/13 Gross Expenditure	2012/13 Gross Income	2012/13 Net Expenditure		Note	2013/14 Gross Expenditure	2013/14 Gross Income	2013/14 Net Expenditure
£000	£000	£000			£000	£000	£000
(98,324)	24,147	(74,177)	Adult Social Care		(100,643)	24,383	(76,260)
(7,729)	68	(7,661)	Corporate & Democratic Core		(7,376)	271	(7,105)
(30,285)	23,837	(6,448)	Central Services		(6,936)	3,239	(3,697)
(25,686)	3,905	(21,781)	Cultural & Related Services		(19,090)	4,020	(15,070)
(234,256)	165,666	(68,590)	Children's & Educational Services		(238,021)	169,945	(68,076)
(33,543)	6,445	(27,098)	Environmental & Regulatory Services		(34,873)	7,512	(27,361)
(121,326)	108,793	(12,533)	Housing Services		(121,774)	110,467	(11,307)
(40,882)	17,020	(23,862)	Highways & Transport Services		(41,485)	16,339	(25,146)
(1,251)	460	(791)	Non Distributed Costs		(301)	792	491
0	0	0	Public Health		(11,313)	11,350	37
(12,290)	5,901	(6,389)	Planning Services		(8,875)	9,465	590
(605,572)	356,242	(249,330)	Surplus/(Deficit) on Continuing Operations		(590,687)	357,783	(232,904)
(52,936)	2,978	(49,958)	Gain/(Loss) on Disposal of Fixed Assets	8.5	(18,855)	1,337	(17,518)
(138)	4,529	4,391	Other Operating Expenditure		(349)	5,331	4,982
(55,722)	32,184	(23,538)	Financing and Investment Income and Expenditure	6	(51,172)	7,673	(43,499)
0	233,848	233,848	Taxation and Non-Specific Grant Income	7	0	233,138	233,138
		(84,587)	Surplus/(Deficit) on Provision of Services				(55,801)
		7,782	Surplus/(deficit) on revaluation of fixed assets	16.6			7,119
		(4,969)	Re-measurement of the net defined benefit liability (asset)				(4,598)
		(25)	Surplus/(Deficit) on revaluation of Available for sale financials assets				314
		0	Landfill Provision				(9,214)
		2,788	Other Comprehensive Income and Expenditure				(6,379)
		(81,799)	Total Comprehensive Income and Expenditure				(62,180)

BALANCE SHEET AS AT 31 MARCH 2014

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

31 March 2013		Note	31 March 2014
£000			£000
621,907	Property Plant & Equipment	8	596,537
19,938	Heritage Assets	9	20,144
73,182	Investment Property	10	66,397
2,219	Intangible Assets		2,078
6,558	Long Term Investments	12.1	14,372
1,094	Long Term Debtors		1,461
724,898	Non-current Assets		700,989
10,129	Short Term Investments	12.1	50,168
772	Inventories		853
31,338	Short Term Debtors	13.1	32,227
64,987	Cash & Cash Equivalents	17.4	22,704
4,509	Assets Held for Sale	8.6	6,315
274	LATS allowances		0
112,009	Current Assets		112,267
(37,653)	Short Term Borrowing	12.1	(82,497)
(60,655)	Short Term Creditors	14.1	(74,129)
(2,441)	Short Term Provisions	15	(1,917)
(100,749)	Current Liabilities		(158,543)
(16,434)	Long Term Creditors	14.2	(16,274)
(5,534)	Long Term Provisions	15	(14,925)
(193,857)	Long Term Borrowing		(145,592)
(354,493)	Long Term Liabilities Pensions	27.3 & 27.9	(375,792)
(40,708)	Long Term Liabilities Other	14.3	(39,176)
(611,026)	Long Term Liabilities		(591,759)
125,132	Net Assets		62,954
60,618	Usable Reserves	16.1	63,927
64,514	Unusable Reserves	16.1	(973)
125,132	Total Reserves		62,954

MOVEMENT IN RESERVES STATEMENT FOR THE YEARS ENDED 31 MARCH 2013 AND 2014

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.

Movement in Reserves Statement	Note	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2012		11,301	26,437	9,289	12,393	59,420	147,508	206,928
Movement in Reserves during 2012/13								
Surplus or (deficit) on provision of services		(84,587)	0	0	0	(84,587)	0	(84,587)
Other Comprehensive Expenditure and Income		0	0	0	0	0	2,788	2,788
Total Comprehensive Expenditure and Income		(84,587)	0	0	0	(84,587)	2,788	(81,799)
Adjustments between accounting basis & funding under regulations	5	82,074	0	3,832	(110)	85,796	(85,793)	3
Net Increase / (Decrease) before Transfers to Earmarked Reserves		(2,513)	0	3,832	(110)	1,209	(83,005)	(81,796)
Transfers (to) / from earmarked reserves	16	2,009	(2,020)	0	0	(11)	11	0
Increase / (Decrease) in year		(504)	(2,020)	3,832	(110)	1,198	(82,994)	(81,796)
Balance at 31 March 2013		10,797	24,417	13,121	12,283	60,618	64,514	125,132
Movement in Reserves during 2013/14								
Surplus or (deficit) on provision of services		(55,800)	0	0	0	(55,800)	0	(55,800)
Other Comprehensive Expenditure and Income		0	0	0	0	0	(6,378)	(6,378)
Total Comprehensive Expenditure and Income		(55,800)	0	0	0	(55,800)	(6,378)	(62,178)
Adjustments between accounting basis & funding under regulations	5	58,778	0	(258)	599	59,119	(59,119)	0
Net Increase / (Decrease) before Transfers to Earmarked Reserves		2,978	0	(258)	599	3,319	(65,497)	(62,178)
Transfers (to) / from earmarked reserves	16	(3,036)	3,026	0	0	(10)	10	0
Increase / (Decrease) in year		(58)	3,026	(258)	599	3,309	(65,487)	(62,178)
Balance at 31 March 2014		10,739	27,443	12,863	12,882	63,927	(973)	62,954

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.

2012/13		Note	2013/14
£000			£000
(84,587)	Net Surplus or (Deficit) on the Provision of Services	17.1	(54,958)
145,138	Adjustment to Net Surplus or (Deficit) on the Provision of the Services for Non Cash Movement	17.1	77,844
(96,248)	Adjustment for Items included in the net (Surplus) of Deficit on the provision of services that are investing and Financing Activities	17.1	509
(35,697)	Net Cash Flow from Operating Activities		23,395
28,453	Investing Activities	17.2	(63,656)
19,106	Financing Activities	17.3	(2,022)
11,862	Net Increase or (Decrease) in Cash and Cash Equivalents		(42,283)
53,125	Cash and Cash Equivalents at the beginning of the Reporting Period	17.4	64,987
64,987	Cash and Cash Equivalents at the end of the Reporting Period	17.4	22,704

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I. Accounting Policies

I.1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 (Part 3), which require the accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (The Code) and the Service Reporting Code of Practice 2013/14 (SeRCOP)), supported by International Financial Reporting Standards (IFRS).

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

I.2. Accruals of Income and Expenditure

Income and expenditure is accounted for in the year that it takes place, not simply when cash payments are made or received.

Accruals are made for all material sums unpaid at the year-end for goods or services received or works completed. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts. A de-minimus of £500 is generally applied for income and expenditure.

Benefit Payments

Benefit payments are accounted for as they are incurred with no accrual being made for payments in advance or arrears at the year-end. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

I.3. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

I.4. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

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

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue, called the Minimum Revenue Provision (MRP), towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

I.5. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, flexi and time off in lieu (TOIL) as well as bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. toil, flexi) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit.

Termination Benefits (e.g. Redundancy Payments)

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

Post-Employment Benefits (Pensions)

Employees of the Council are members of two separate pension schemes:

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

Both schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Council.

Teachers Pension Scheme

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the authority. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Educational Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

However, the Council is able to supplement teachers' statutory retirement benefits with locally determined decisions (discretionary payments). The future liability for such decisions is a true cost to the Council and is assessed annually by the Actuary and included within the total pension liability on the Balance Sheet.

Local Government Pension Scheme

All Council employees (with the exception of teachers) are eligible to join the Local Government Pension Scheme (LGPS). The Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the Devon Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of future earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.5% (based on the Merrill Lynch AA rated corporate bond).

The assets of the Devon Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- property – market value

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff, including teachers as

outlined above, are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

IAS 19 Employee Benefits

IAS 19 Employee Benefits rules were adopted on 1 April 2013.

The main impact in the accounts of the revised requirements are:-

- Removal of the expected return on assets, have been replaced by a net interest cost comprising interest income on the assets and interest expense on the liabilities;
- Administration expenses are now accounted for within the Comprehensive Income and Expenditure Statement charges rather than being netted off the actual and expected returns on assets.

1.6. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

1.7. Financial Instruments

Financial liabilities

Financial Liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument.

Loans/Borrowings

The Council's loans are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The Council's policy is to spread the gain or loss over the term that was remaining on the loan against which the premium was payable or the discount receivable when it was repaid.

Short Term Trade Debtors

Where income has been recognised but cash has not been received, a debtor for the relevant amount is recorded in the Balance Sheet. Debtors included within the current assets section of the Balance Sheet are therefore measured at original invoice value, less a provision for uncollectability of debt.

Long Term Debtors

The Council may provide financial assistance to individuals or organisations in the form of a loan. Where the repayment period exceeds one year these are classified as Long Term Debtors on the Balance Sheet.

An element of Social Care debt is recovered by means of a charge on the client's property. This debt may not be recovered in the next financial year and is therefore included within long term debtors. This debt is not subject to an interest charge.

An element of Social Care debt is recovered by means of a charge on the client's property. This debt may not be recovered in the next financial year and is therefore included within long term debtors. This debt is not subject to an interest charge.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market;
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Available-for-sale assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. The investment relates to a financial instrument with a quoted market price and is therefore maintained in the Balance Sheet at fair value.

Impairment

The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Financial Guarantees entered into before 1 April 2006

The Council entered into a financial guarantee arrangement with PLUS before 1 April 2006 which is not required to be accounted for as a financial instrument. The Council does not therefore recognise the guarantee to PLUS in its Balance Sheet, but continues to disclose the guarantee as a contingent liability.

1.8. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions (including Section 106 and 278 Developer contributions) and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where Revenue grants that have been credited to the Comprehensive Income and Expenditure Statement are intended to meet specific service expenditure that has not yet been incurred, an equivalent amount is transferred from the General Fund Balance to an Earmarked Reserve in the Statement of Movement in Reserves. A transfer back is made in future years to match expenditure as it is incurred.

Capital grants are posted to the Taxation and Non-Specific Grant Income section of the Comprehensive Income and Expenditure Account, unless they are used to finance Revenue Expenditure Financed from Capital under Statute (REFCUS) spend, in which case they are posted to the relevant service line.

Grants paid to the Council as the accountable body are only recognised to the extent that they are used towards Council expenditure.

1.9. Agency Services

The Authority has a number of arrangements in place where it is acting as an agent for a third party.

The Council does not recognise the transactions relating to its agency activities within the accounts, with the exception of the administration charges received for services provided which are recognised in the Comprehensive Income and Expenditure Statement.

Devon Business Rates Pool

In accordance with paragraph 34 of Schedule 7B to the Local Government Finance Act 1988 the Secretary of State designated the Local Authorities of Devon as a pool of authorities for the purpose of the scheme for local retention of non-domestic rates.

Plymouth City Council is the Lead authority of the Pool and undertakes the following functions:

- Makes and receives, on behalf of the pool members, payments in respect of any top-ups and tariffs, levy and safety net and safety net on account payments from DCLG.
- Makes and receives payments between members of the Pool as determined by the governance agreement.
- Administers the Pool in accordance with the governing arrangements.

1.10. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Council as a result of past events is capitalised when it will bring benefits to the Council for more than one financial year. 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 on the Council's Balance Sheet relate to the purchase of software licences. The useful life assigned to the major software suites used by the authority is 5 years.

Internally developed intangible assets such as the development and implementation of computer systems and development of the Councils website are not capitalised but are written down to the relevant service line(s) and reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account under the provisions for Revenue Expenditure Funded from Capital Under Statute.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance.

1.11. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other Partners that involve the use of the assets and resources of the Partners rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls, if any, and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

The joint operation does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint operation and income that it earns.

1.12. Interests in Companies and Other Entities

The Authority has interests in other Entities, Subsidiaries, Associates or Joint Ventures. However, currently, these are not considered sufficiently material to require the preparation of Group Accounts.

In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

1.13. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

1.14. Heritage Assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

Heritage assets are deemed to have an indefinite life, therefore are not depreciated as the charge made would be minimal and immaterial. Nevertheless, where there is evidence of physical deterioration to a heritage asset, or doubts arise to its authenticity, the value of the asset has to be reviewed.

1.15. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee (Leased in assets)

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor, although in practice many of the Council's property finance leases are held on a long lease at peppercorn rental and there is therefore no matching liability on the Balance Sheet. Initial direct costs to the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Finance lease payments are apportioned between:-

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Leases entered into before 1 April 2004 that were not classified as credit arrangements under the pre-Prudential Framework regime continue to be financed as revenue transactions, even if they are finance leases under IAS 17.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Schools may make their own arrangements for operating leases using income from their schools budget share. These are included within total lease payments.

The Authority as Lessor (Council Assets leased out)

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Surplus/deficit on continuing operations in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

1.16. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013/14 (SeRCOP). The full cost of overheads and support services are recharged to services on the basis of time allocations or other appropriate measures of resources used with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of the (surplus)/deficit on continuing operations.

1.17. Property, Plant and Equipment

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

Recognition

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

The Council operates a policy of assets capitalisation (including donated assets) de-minimus level of £10,000 for land and property and £5,000 for vehicle, plant and equipment. However, there is no de-minimus for capital spend by individual schools financed from capital grants.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost (except for the Tamar Toll Bridge which is depreciated at the replacement cost);
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use.

Assets that local authorities intend to hold in perpetuity and have no determinable useful life and may have restrictions in their disposal are classified as community assets, and in this instance are generally valued at a nominal £1.

Assets included in the Balance Sheet at fair value are revalued regularly and are reviewed at the year-end to ensure that their carrying amount is not materially different from their fair value.

Impairment

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life such as freehold land and certain Community Assets, and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on a straight line basis over the useful life of the asset as determined by the valuer. Depreciation is charged to the Comprehensive Income and Expenditure Statement based on values as at the start of the year. No depreciation is applied in year of acquisition or construction. The depreciation periods currently used are:-

Operational Buildings

Car parks	10 to 50 years
Schools	10 to 40 years
Other buildings	10 to 60 years
Infrastructure	20 to 40 years
Vehicles and Plant	5 to 20 years
Community Assets	0 to 30 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

The Council's componentisation policy is as follows:-

- Materiality Level
Assets with a building value of £2.5m or above are considered for componentisation on an individual asset basis. Consideration is also given to groups of similar assets that individually are below the materiality level for componentisation but may collectively be material.

- Significance
Components with a value of 20% or above of the overall asset value are significant components. In terms of schools, components are defined as separate school blocks or buildings and componentisation applied where the values meet the 20% criteria.
- Different Asset Life
The difference in life between the host asset and the component must be over 5 years for componentisation to be recorded.

Assets Held for Sale

When it becomes probable that value of an asset will be recovered principally through a sale rather than through its continuing use, and the asset is being actively marketed, it is reclassified as an Asset Held for Sale. The asset is revalued and held at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

Assets that are no longer used for operational purposes but are not actively being marketed are revalued and reclassified as surplus but still retained within property plant and equipment and transferred to Assets Held for Sale only when a decision is made to actively market the asset.

Disposals

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve. Capital receipts can then only be used for:

- new capital investment;
- set aside to reduce the Authority's underlying need to borrow (the Capital Financing Requirement).

1.18. Inventories and Long Term Contracts

Inventories (stocks and work in progress) are shown in the accounts at cost (less any foreseeable losses on work In progress).

Since stockholdings are reviewed on a continuous and rotational basis no provision has been made for obsolete stock or slow moving items.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year. The Council has a long term contract with Amey to manage the Council's Local Transport Plan (LTP) revenue works, including maintenance, pre-planned and ad hoc works on highways, footpaths, gritting, walls etc. Amey also undertakes design works and delivery of an element of the Council's capital Local Transport Plan programme.

1.19. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. 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 the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The Council's original recognition of PFI assets are based on the cost of construction or purchase cost of the property and is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

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

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

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;

- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- payment towards finance liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease);
- lifecycle costs – these are incurred by the contractor over the life of the contract in order to maintain assets used to operationally acceptable standard. The expenditure is non-enhancing in nature and therefore charged to the relevant service in the Comprehensive Income and Expenditure Statement.

PFI credits

The Council receives a grant towards the cost of the PFI scheme. The grant is allocated to meet the finance costs in the first instance. The amount required to meet the finance lease liability, interest and contingent rent charge is allocated to the Taxation and Non Specific grant income in Comprehensive Income and Expenditure Statement. The remaining grant is treated as a specific grant and included within the Children's and Education service line.

Government grants received for PFI schemes, in excess of current levels of net expenditure, are carried forward as an earmarked reserve to fund future contract expenditure.

1.20. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, usually a cash payment, or service potential, and a reliable estimate of the amount of the obligation can be made, but where the timing of the transfer is uncertain.

1.21. Reserves

The Council maintains a number of reserves which may be required for statutory purposes or set up voluntarily to earmark resources for future spending plans or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

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

1.22. Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note I, 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:

Implications of Government Funding Reforms / Reductions

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 yet sufficient to provide an indication that further assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision, other than those already earmarked for closure as part of budget delivery plans.

Accounting for Schools – Balance Sheet Recognition of Schools

There continues to be uncertainty regarding the accounting treatment of schools' non-current assets and whether the assets of schools, such as Academies, where title does not sit with the local authority, should appear on the local authority balance sheet.

The Council continues to recognise Community and Voluntary Controlled schools on the Balance Sheet, based on the assessment of the control of the economic benefits and service potential of these assets.

Accounting for Schools - Transfers of status

When a school that is held on the Council's balance sheet transfers to Academy, Trust or Voluntary Aided status the non-current assets are removed from the Authority's balance sheet. Where the approval for the transfer and the transfer date occur in the same financial year the Council accounts for this as a disposal for nil consideration. However, where the approval date and transfer date straddle two financial years, assets values are impaired down to nil in the year of approval, with the disposal then occurring in the following financial year when the transfer actually takes place.

Capitalisation of Waste Partnership PFI as at 31 March 2014

The Council is part of The Devon Waste Partnership with Torbay Council & Devon County Council which was set up formally in 2008 to source a household waste disposal solution for South West Devon. The PFI contract to build the new energy from waste plant in Plymouth is being constructed by a German Company MVV Umwelt.

The energy from waste plant is under construction and is due to be completed in autumn 2014. The Council has not included the assets under construction on to its balance sheet because the contract gives the responsibility of the liabilities and the assets to the contractor until the plant comes into operation. The Council will bring one third of the assets and liabilities on to their balance sheet during 2014/15.

Classification of Tamar Bridge

The Council has decided to create a separate classification of Infrastructure for the Tamar Bridge. The Tamar Bridge is classified as an Infrastructure Asset – Toll Bridge and the carrying value is measured on a depreciated replacement cost (DRC) basis due to the relationship between the income from the bridge tolls and the cost of replacing the bridge.

Under the CIPFA Code, infrastructure assets should be measured at historical cost but in order to ensure that the financial statements present a fair representation of the value of the assets on the balance sheet the Council will depart from the Code and will keep the DRC valuation basis.

3. 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 2014 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
Pensions Liability	Variations in assumptions made by the Pension Fund Actuary in respect of (gains)/losses forecasted by the Pension Fund and to the mortality rates of members drawing from the Pension Fund	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 1 year increase in mortality rate assumptions would result in a change to the pension liability of £31.8m.
Employee Benefits	The Council is required to accrue for employee benefits earned but not taken by 31 March 2014. In order to comply with the accounting requirements, the Council has undertaken a sample of staff across the Council using both the MOL information and annual returns and aggregated this up based on the total employee numbers to produce the information on the accrual. In total, a sample of 15.34% was achieved. In addition, calculations have been made on the value of annual leave carried forward by teachers and other schools staff. The result of these calculations forms the largest part of the accrual due to the timing of the financial year.	An increase in the amount of leave carried forward or a change in the analysis of carry forward leave by officer level could result in a potentially different calculation and charge across services. However Statutory Regulations are in place which removes the employee benefit accrual to an employee benefit reserve account so overall there would be no impact on the General Fund Balance.
Business Rates	Since the introduction of Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2013/14 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2014. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2014.	If the refunds payable to rate payers higher than the provision, the difference will create/increase the deficit on the Collection Fund. The proportionate share of the deficit will impact on the Council's General Fund in future years. Any estimate of surplus or deficit on the Collection Fund in taken into account when setting the revenue budget.

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

4. Events after the Balance Sheet date

The Statement of Accounts was authorised by the Council's Section 151 Officer on 25 September 2014. 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 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The relevant material non-adjusting events pertinent to the understanding of the Authority's financial position are as follows:

Banking Arrangements

From 1 April 2014, the Authority will move its banking arrangements from The Co-operative Bank plc to Barclays Bank plc.

ICT Services

Delt Shared Services Limited is a company jointly owned by Plymouth City Council and the Clinical Commissioning Group (CCG) and has been set up to provide the ICT requirements for both organisations. The Council has agreed to transfer its ICT services to Delt Shared Services Limited at a cost of circa £5.5m per year. This arrangement will drive out both operational and financial benefits for both organisations.

5. 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.

Adjustments between Accounting Basis and Funding Basis under Regulations	2012/13				2013/14			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation and impairment of non-current assets	54,447	0	0	(54,447)	37,118	0	0	(37,118)
Movements in the market value of Investment Properties	3,155	0	0	(3,155)	6,677	0	0	(6,677)
Amortisation of intangible assets	709	0	0	(709)	655	0	0	(655)
Capital grants and contributions	(36,383)	0	36,383	0	(34,997)	0	34,997	0
Movement in the Donated Assets Account	(10)	0	0	10	0	0	0	0
Revenue expenditure funded from capital under statute	15,678	0	0	(15,678)	19,107	0	0	(19,107)
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	49,789	0	0	(49,789)	17,291	0	0	(17,291)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment	(9,424)	0	0	9,424	(9,505)	0	0	9,505
Capital expenditure charged against the General Fund	(1,181)	0	0	1,181	0	0	0	0
Adjustments involving the Capital Receipts Reserve:								
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	3,252	0	(3,252)	0	1,673	0	(1,673)
Other Capital Receipts credited to the Comprehensive Income and Expenditure Statement	(4,527)	4,527	0	0	(5,174)	5,174	0	0
Total C/FWD	72,253	7,779	36,383	(116,415)	31,172	6,847	34,997	(73,016)

Adjustments between Accounting Basis and Funding Basis under Regulations	2012/13				2013/14			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Total B/FWD	72,253	7,779	36,383	(116,415)	31,172	6,847	34,997	(73,016)
Long term debtor repayments in year	0	38	0	(38)	0	40	0	(40)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(3,977)	0	3,977	0	(7,139)	0	7,139
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	8	(8)	0	0	5	(5)	0	0
Adjustments involving the Capital Grants Unapplied Account:								
Use of the Capital Grants unapplied Account to finance new capital expenditure	0	0	(36,493)	36,493	0	0	(34,398)	34,398
Adjustments 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	106	0	0	(106)	15,446	0	0	(15,446)
Adjustments involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47)	34,540	0	0	(34,540)	36,707	0	0	(36,707)
Employer's pensions contributions and direct payments to pensioners payable in the year	(21,345)	0	0	21,345	(20,130)	0	0	20,130
Adjustments involving the Collection Fund Adjustment Account:								
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(318)	0	0	318	(680)	0	0	680
Adjustment involving the Unequal Pay Back Pay Adjustment Account								
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	(1,843)	0	0	1,843	(4,209)	0	0	4,209
Adjustment involving the Accumulating Compensated Absences Adjustment Account								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,327)	0	0	1,327	467	0	0	(467)
Total Adjustments	82,074	3,832	(110)	(85,796)	58,778	(257)	599	(59,120)

6. Financing and Investment Income and Expenditure

This contains corporate items of income and expenditure arising from the Authority's involvement in financial instruments and similar transactions involving interest or the unwinding of discounts. This heading also includes the income and expenditure relating to investment properties, further details of which can be found in note 12 on page 41.

Analysis of Income / Expenditure	2012/13	2013/14
	£000	£000
Interest payable and similar charges	(12,254)	(8,668)
Premium on Early Repayment of Debt	0	(16,507)
Pensions interest cost and expected return on pension assets	(11,181)	(15,441)
Interest receivable and similar income	1,108	1,215
(Surpluses) / deficits on trading undertakings not included in Net Cost of Services	(530)	109
Income and expenditure in relation to investment properties and changes in their fair value including (gains)/losses on disposal	(681)	(4,207)
Total	(23,538)	(43,499)

7. Taxation and Non Specific Grant Income

This item consolidates all the grants and contributions receivable that cannot be identified to particular service expenditure. Capital grants and contributions are credited here even where they are service-specific, unless they are used to finance Revenue Expenditure Funded by Capital Under Statute (REFCUS) spend in which case they are treated as revenue grants and credited to the relevant service line.

Analysis of Income	2012/13	2013/14
	£000	£000
Council tax income	96,495	85,957
Non domestic rates	105,543	51,687
Non-ring-fenced government grants	9,094	80,346
Capital grants and contributions	22,716	15,148
Total	233,848	233,138

8. Property, Plant and Equipment

8.1. Movement in Year

The movement in Property Plant and Equipment (PPE) in 2013/14 is summarised in the following table:

2013/14	Other Land & Buildings	Vehicles, Plant, Furniture & Fittings	Infrastructure Assets	Toll Bridge	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment	PFI Assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2013	422,385	52,598	146,259	110,785	1,565	6,025	9,331	748,948	28,118
Additions	11,654	3,461	6,089	8	0	4	4,311	25,527	17
Donations	0	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(4,241)	0	330	0	0	19	0	(3,892)	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,724)	0	0	0	0	(1,252)	0	(5,976)	0
De-recognition - disposals	(485)	(719)	(176)	0	0	0	0	(1,380)	0
De-recognition - other	0	0	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	(2,612)	0	0	0	0	(650)	0	(3,262)	0
Other movements in cost or valuation	(19,764)	(408)	1,275	0	0	844	(3,752)	(21,805)	0
At 31 March 2014	402,213	54,932	153,777	110,793	1,565	4,990	9,890	738,160	28,135
Accumulated Depreciation and Impairment									
At 1 April 2013	(45,210)	(24,097)	(46,771)	(7,348)	(1,143)	(2,472)	0	(127,041)	(1,875)
Depreciation charge	(12,432)	(4,198)	(7,847)	(1,847)	0	(125)	0	(26,449)	(604)
Depreciation written out to the Revaluation Reserve	6,400	0	0	0	0	0	0	6,400	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,234	0	0	0	0	283	0	1,517	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	4,405	0	0	0	0	0	0	4,405	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(6,877)	(96)	0	0	0	904	0	(6,069)	0
De-recognition - disposals	33	535	101	0	0	0	0	669	0
De-recognition - other	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	4,919	139	0	0	0	(113)	0	4,945	0
At 31 March 2014	(47,528)	(27,717)	(54,517)	(9,195)	(1,143)	(1,523)	0	(141,623)	(2,479)
Net Book Value									
At 31 March 2014	354,685	27,215	99,260	101,598	422	3,467	9,890	596,537	25,656
At 31 March 2013	377,175	28,501	99,488	103,437	422	3,553	9,331	621,907	26,243

2012/13	Other Land & Buildings	Vehicles, Plant, Furniture & Fittings	Infrastructure Assets	Toll Bridge	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment	PFI Assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2012	477,358	51,862	140,732	110,472	1,522	7,055	9,394	798,395	28,099
Additions	16,838	3,355	4,602	313	43	115	4,584	29,850	19
Donations	0	10	0	0	0	0	0	10	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	443	0	0	0	0	(1,191)	0	(748)	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(20,561)	(33)	0	0	0	(459)	0	(21,053)	0
De-recognition - disposals	(9,595)	(985)	(30)	0	0	0	0	(10,610)	0
De-recognition - other	0	0	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	(1,366)	0	0	0	0	(1,931)	0	(3,297)	0
Other movements in cost or valuation	(40,732)	(1,611)	955	0	0	2,436	(4,647)	(43,599)	0
At 31 March 2013	422,385	52,598	146,259	110,785	1,565	6,025	9,331	748,948	28,118
Accumulated Depreciation and Impairment									
At 1 April 2012	(36,620)	(20,549)	(38,978)	(5,507)	(1,109)	(3,325)	0	(106,088)	(1,272)
Depreciation charge	(14,263)	(4,572)	(7,754)	(1,841)	0	(46)	0	(28,476)	(603)
Depreciation written out to the Revaluation Reserve	7,409	0	0	0	0	950	0	8,359	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,686	11	0	0	0	180	0	4,877	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	(1,122)	0	0	0	0	776	0	(346)	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(9,144)	(5)	0	0	(34)	(568)	0	(9,751)	0
De-recognition - disposals	2,525	454	25	0	0	0	0	3,004	0
De-recognition - other	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	1,319	564	(63)	0	0	(439)	0	1,381	0
At 31 March 2013	(45,210)	(24,097)	(46,770)	(7,348)	(1,143)	(2,472)	0	(127,040)	(1,875)
Net Book Value									
At 31 March 2013	377,175	28,501	99,489	103,437	422	3,553	9,331	621,908	26,243
At 31 March 2012	440,738	31,313	101,754	104,965	413	3,730	9,394	692,307	26,827

8.2. Commitments Under Capital Contracts

The capital commitments outstanding on capital and other works contracts entered into as at 31 March 2014 amounted to £19.484m (31 March 2013 £30.589m). The Council is committed to complete these contracts under its latest approved Medium Term Capital Programme, and it is anticipated that all works relating to these commitments will be completed within the next financial year.

8.3. Trust, Foundation, Voluntary Aided and Academy Schools

The Council has a number of schools that are operated by various trusts, are classed as voluntary aided schools, or have transferred to Academy status. The Council is responsible for providing funding to the schools from the Dedicated Schools Grant (DSG) and Capital Resources, with the exception of the Academies who receive funding direct from the Government. However, the school buildings and associated land of all these categories of schools effectively passes to the Trustees of the school who have control over the use of the assets. The assets are therefore not shown on the Council's Balance Sheet. During the year, 3 schools transferred to Trust status and 3 schools transferred to Academy status, 2 of which had previously held Trust status.

8.4. Revaluations/Impairments

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment (PPE) required to be measured at fair value is revalued at least every five years. All valuations are carried out internally under the supervision of Mr P C Palmer BSc (Hons), MRICS, RICS Registered Valuer.

8.5. Gain/Loss on Disposal of Fixed Assets

In 2013/14, the Council incurred a net loss on disposal of fixed assets of £17.518m (2012/13 £49.958m).

Assets Written Off Balance Sheet	2012/13	2013/14
	£000	£000
Land & Property Sales	6,900	601
Academy and Trust Schools	43,058	16,917
Total	49,958	17,518

8.6. Assets Held for Sale

The Council has non-current assets that are held for sale as at 31 March 2014. The value of the assets held for sale are £6.315m (2012/13 £4.509m).

9. Heritage Assets

The Council holds heritage assets that are held in the following types of asset:

Historic Buildings & Monuments

Historic Buildings and Monuments classified as Heritage Assets on the balance sheet include Smeaton's Tower, the Elizabethan House and Plympton Guildhall which have been recognised at insurance valuations.

The Council has a number of other Heritage Assets that are used significantly for the provision of services and therefore are required to be recognised within Property, Plant & Equipment.

Gold, Silver & Jewellery and Fine Art & World Cultures

The Authority's Gold, Silver & Jewellery and Fine Art & World Cultures collections are reported in the balance sheet at insurance valuation which is based on market values.

The Council's policy for the acquisition, preservation and management of museum assets can be found on www.plymouth.gov.uk on the museum collections page.

The following table summarises the movement in the balances relating to Heritage Assets during the year:-

Heritage Assets	Buildings	Fine Art	Gold, Silver & Jewellery	Total Assets
	£000	£000	£000	£000
Cost or Valuation				
As at 1 April 2012	1,713	13,135	4,562	19,410
Additions	0	0	12	12
Revaluations	0	500	16	516
As at 31 March 2013	1,713	13,635	4,590	19,938
Cost or Valuation				
As at 1 April 2013	1,713	13,635	4,590	19,938
Revaluations	0	205	1	206
As at 31 March 2014	1,713	13,840	4,591	20,144

10. Investment Properties

Investment properties are properties held solely to earn rentals or for capital appreciation or both. In the main the Council's investment properties consists of the City Centre Commercial (Shop) Estate and a number of Industrial Estates.

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

Analysis of movement in Investment Properties	2012/13	2013/14
	£000	£000
Balance at 1 April	76,940	73,182
Additions	0	0
Disposals	(102)	(108)
Net gains / (losses) from fair value adjustments	(3,195)	(6,677)
Transfers:		
(to) / from Inventories	(61)	0
(to) / from Property, Plant & Equipment	(400)	0
Other changes	0	0
Balance at 31 March	73,182	66,397

11. 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 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.

Capital Financing Requirement	2012/13	2013/14
	£000	£000
Opening Capital Financing Requirement 1 April	277,560	275,779
Capital Investment		
Property, Plant & Equipment	29,940	25,402
Intangible Assets	876	517
Revenue Expenditure Funded from Capital under Statute	15,589	19,093
Other Capital Expenditure	10	130
Total	46,415	45,142
Sources of Finance		
Capital Receipts	(3,977)	(7,139)
less: Long Term Debtors written out in year	28	33
Grants & Contributions applied in year	(33,851)	(35,668)
Revenue & Other Funds	(972)	(3,889)
Minimum Revenue Provision	(9,424)	(9,505)
Total	(48,196)	(56,168)
Closing Capital Financing Requirement 31 March	275,779	264,753
Explanation of Movement in Year		
Increase in underlying need to borrow (supported by Government financial assistance)	107	0
Increase in underlying need to borrow (unsupported by Government financial assistance)	7,805	3,621
Reduction in underlying need to borrow resulting from other changes in Capital financing Requirement	(9,693)	(14,647)
Increase/Decrease in Capital Financing Requirement	(1,781)	(11,026)

12. Financial Instruments

12.1. Financial Instrument Balances

A financial instrument is a contract that gives rise to a rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

The financial liabilities and assets disclosed in the Balance Sheet are made up of the following categories of Financial Instruments:-

Analysis of Financial Instruments	Long-Term		Current		Total	
	31 Mar 13	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13	31 Mar 14
	£000	£000	£000	£000	£000	£000
Financial liabilities at amortised cost						
PWLB Debt	(61,315)	(44,252)	(1,268)	(287)	(62,583)	(44,539)
Other Borrowings	(132,543)	(101,340)	(36,385)	(82,210)	(168,928)	(183,550)
Deferred Liabilities	(31,393)	(30,332)	(1,042)	(1,045)	(32,435)	(31,377)
Other Liabilities	(8,687)	(8,412)	(469)	(477)	(9,156)	(8,889)
Trade Creditors	0	0	(28,873)	(20,883)	(28,873)	(20,883)
Total Financial Liabilities	(233,938)	(184,336)	(68,037)	(104,902)	(301,975)	(289,238)
Loans and receivables:						
Investments	1,558	1,558	10,129	50,168	11,687	51,726
Contractual debtors (net of impairment)	1,094	1,461	14,535	10,411	15,629	11,872
Cash & cash equivalents	0	0	64,987	22,704	64,987	22,704
Available for sale investments:						
Long term investments at fair value	5,000	12,814	0	0	5,000	12,814
Total Financial Assets	7,652	15,833	89,651	83,283	97,303	99,116

Note: LOBOs of £41m have been included in long term borrowing but have a call date in the next 12 months.

12.2. Gains and Losses on Financial Instruments

The Income, Expense, Gains and Losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

Gains / Losses on Financial Instruments	2012/13			2013/14		
	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	(12,552)	0	(12,552)	(27,452)	0	(27,452)
Impairment losses	0	298	298	0	2,277	2,277
Interest payable and similar charges	(12,552)	298	(12,254)	(27,452)	2,277	(25,175)
Interest income	0	1,108	1,108	0	1,215	1,215
Interest and investment income	0	1,108	1,108	0	1,215	1,215
Net (gain)/loss for the year	(12,552)	1,406	(11,146)	(27,452)	3,492	(23,960)

12.3. Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. The proportion of debt and investments due to be settled within 12 months of the balance sheet date are presented in the Balance Sheet under short term liabilities or short term investments. This also includes accrued interest for long term investments and borrowings.

The Council's investment portfolio at the Balance Sheet date consisted mainly of term deposits and call/notice accounts with Banks and Building Societies. The maturity dates of these investments were all within 12 months of the Balance Sheet date.

In the case of short term instruments and deferred liabilities (PFI, finance leases, etc.) the authority deems the carrying amount to be a reasonable approximation of the fair value. The fair value of trade receivables is taken to be the invoiced or billed amount.

Investments held on the balance sheet as available for sale are shown at fair value. This being the value obtainable by the authority if this investment was sold on the balance sheet date.

Comparison of Financial Liabilities	31 Mar 2013		31 Mar 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
PWLB - maturity	(62,583)	(88,583)	(44,539)	(60,885)
LOBOs	(134,027)	(194,333)	(102,644)	(129,391)
Short term borrowing	(34,812)	(34,812)	(80,819)	(80,819)
Other borrowing	0	0	(88)	(88)
Deferred Liabilities	(32,435)	(32,435)	(31,378)	(31,377)
Other Liabilities	(9,244)	(9,244)	(8,977)	(8,889)
Creditors	(28,873)	(28,873)	(20,883)	(20,883)
Total Financial liabilities	(301,974)	(388,280)	(289,328)	(332,332)

The fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

Comparison of Financial Assets	31 Mar 2013		31 Mar 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Deposits with banks and building societies	10,129	10,129	50,168	50,168
Cash & cash equivalents	64,987	64,987	22,704	22,704
Contractual Debtors	15,629	15,629	11,872	11,872
Total Financial assets	90,745	90,745	84,744	84,744

The fair value of the Financial Assets is equal to the carrying amount because the Council's portfolio of investments at balance sheet date, in the main, consisted of cash equivalent and short-term deposits.

12.4. Nature and Extent of Risks Arising from Financial Instruments

The Council has adopted CIPFA's code of Practice on Treasury Management and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in November 2011).

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The strategy sets out the parameters for the management of risks associated with Financial Instruments.

Full details of the Council's Treasury Management Policy can be found at:

http://www.plymouth.gov.uk/treasury_management_annual_investment_strategy.pdf

The treasury Management Strategy includes an Annual Investment Strategy in compliance with the Department for Communities and Local Government (CLG) Investment Guidance for local authorities. The guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The Council'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 Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Credit Risk

Credit risk is minimised through the annual Investment Strategy which outlines the credit criteria for the investment of the Council's funds. It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies. The minimum credit rating criteria set for new investments with these financial institutions was a long term rating of A-/A3/A- (Fitch/Moody's/S&P). Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swaps and equity prices when selecting commercial organisations for investment.

A maximum limit of £30.00m of the total portfolio is placed on the amount that can be invested with a single counterparty. This limit and the maximum maturity of deposits are based on the credit quality of the organisation. The Council used UK Bank reserve accounts, allowing instant access to funds and where longer term investments were made these have been restricted to a maximum 1 year.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments with banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution.

The Council does not generally allow credit for customers. After 28 days, recovery procedures are undertaken to recover any outstanding debt. The overdue amount can be analysed by age as follows (including balances outstanding up to 28 days):-

Icelandic Bank Deposits

The Council had £13.000m deposited with Icelandic banks which entered administration in 2008 and subsequently submitted a claim for £13.746m including interest. The Council has 1.517m outstanding as at 31 March 2014.

The Council has used a prudent approach to both maximising the capitalisation direction it received, and also in calculating the impairment adjustment due to the continued uncertainty over the level of future recovery and has therefore accounted for recovery on a cash receipt basis. This differs from the guidance issued by CIPFA under LAAP 82 (as updated May 2013), which recommends the recoveries for Heritable, Landsbanki and Glitnir based on assumed collection rates of 88%, 100% and 100% respectively.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board (PWLB). As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments.

The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future with Prudential Indicators included in the Treasury Management Strategy setting maximum levels of debt to mature within any financial year.

The maturity structure of financial liabilities is as follows (at nominal value):

Loans outstanding	31 Mar 2013	31 Mar 2014
	£000	£000
Public Works Loans Board	(61,315)	(44,252)
Market debt	(130,000)	(100,000)
Temporary borrowing	(34,800)	(80,800)
Other borrowing	0	(88)
Deferred Liability (PFI)	(30,246)	(29,440)
Deferred Liability (Finance Leases)	(2,189)	(1,937)
Other Liabilities	(9,244)	(8,889)
Trade Creditors	(28,873)	(20,883)
Total	(296,667)	(286,289)
Less than 1 year	(65,272)	(103,293)
Between 1 and 2 years	(1,521)	(1,358)
Between 2 and 5 years	(4,243)	(4,400)
Between 5 and 10 years	(11,765)	(12,259)
Between 10 and 20 years	(48,789)	(48,184)
Between 20 and 30 years	(11,685)	(10,469)
Between 30 and 40 years	(8,991)	(7,259)
Between 40 and 50 years	(32,979)	(17,659)
Over 50 years	(111,422)	(81,408)
Total	(296,667)	(286,289)

There is £41.000m in the over 50 year category of LOBO's which have a call date in the next 12 months.

£80.800m of short term borrowing in place at 31 March 2014 was taken under approved authority to meet the Council capital financing and cash flow requirements to the end of the financial year. These loans can be repaid from cash flow and maturing deposits in 2013/14 if required thus reducing credit risk. These repayments are not subject to liquidity risk and as there is no need to replace this borrowing as there will be no exposure to interest rate risk.

Market Risk: Interest rate risk

The Council is exposed to risks in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council.

Investments classed as "loans and receivables" and loans borrowed are not carried at fair value, so changes in their value will have no impact on the Comprehensive Income and Expenditure Statement. However changes in interest payable and receivable on variable rate borrowings and investments will be posted to the (surplus) or deficit on the Provision of Services.

The Council has a number of strategies for managing interest rate risk. The Council seeks to minimise this risk through expert advice on forecasts of interest rates received from our treasury management consultants. This is

used to formulate a strategy for the year for both investments and borrowing. This strategy is periodically reviewed during the year to update for any modifications required in the light of actual movements in interest rates. As part of this strategy, limits are set for variable interest rate exposure to ensure that variable rate borrowing does not exceed variable rate investments. In both cases variable rates are considered to be any loan or investments with maturities of less than 1 year, or longer term loans or investments with the period to maturity falling below 1 year. 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.

Market Risk: Price Risk

The market price of the Council's units in collective investment schemes are governed by prevailing interest rates and economic conditions and the risk associated with these instruments is managed alongside interest rate risk.

The Council does not invest in any equity shares and is therefore is not subject to equity price risk.

Market Risk: Foreign Exchange Risk

The Council currently has approximately £1.2m in Icelandic Krona (ISK) remaining in Escrow in Iceland. The Council is currently working with the LGA, Bevan Brittan and other affected authorities to research ways of converting the ISK element of the impaired Icelandic deposit into Foreign Exchange i.e. British Pounds.

13. Debtors

13.1. Short Term Debtors

Debtors are carried in the Balance Sheet at amortised cost, which generally equates to invoice value. The carrying value of the debt is reduced, however, to take into account the potential non-collectability of debt. The table below represents the net amount the Authority expects to collect from debtors existing at the balance sheet date.

Category of Debtor	31 Mar 2013	31 Mar 2014
	£000	£000
Amounts Falling Due in One Year		
Central Government Departments	8,468	6,522
Public corporations & Trading Funds	0	21
NHS Bodies	1,127	5,189
Other Local Authorities	1,486	1,652
Other entities and individuals	20,257	18,843
Total Short Term Debtors	31,338	32,227

13.2. Bad Debt Provision

The movement on the allowance for non-collectability of debt (bad debt provision) account over the year was as follows:

Analysis of Provisions held	31 Mar 2013	Provision made in year	Provision used in year	31 Mar 2014
	£000	£000	£000	£000
General Fund	(1,957)	(102)	734	(1,325)
Housing Benefit Overpayments Provision	(2,365)	(400)	251	(2,514)
Collection Fund	(3,128)	(268)	165	(3,231)
Total Provisions For Bad Debt	(7,450)	(770)	1,150	(7,070)

14. Creditors

14.1. Short Term Creditors

Creditors payable within the next 12 months are:

Category of Creditor	31 Mar 2013	31 Mar 2014
	£000	£000
Central Government Departments	(8,298)	(17,556)
Corporations & Trading Funds	(11)	(872)
NHS Bodies	(2,501)	(1,113)
Other Local Authorities	(2,663)	(3,028)
Other entities and individuals	(47,182)	(51,560)
Total	(60,655)	(74,129)

14.2. Long Term Creditors

Creditors falling due after more than 12 months are:

Category of Creditor	31 Mar 2013	31 Mar 2014
	£000	£000
Other Local Authorities	(16,243)	(16,120)
Other entities and individuals	(191)	(154)
Total	(16,434)	(16,274)

The amount included within the other Local Authorities relates to a liability to Devon County Council for unfunded pension liabilities relating to pre Local Government Reorganisation (i.e. pre 1 April 1998).

14.3. Other Long Term Liabilities

Analysis of Other Long Term Liabilities	31 Mar 2013	31 Mar 2014
	£000	£000
PFI Finance Leases	(29,440)	(28,611)
Other Finance Leases	(1,953)	(1,721)
Tamar Science Park	(628)	(432)
Cornwall Council - re Tamar Bridge & Torpoint Ferry Joint Committee	(8,687)	(8,412)
Total	(40,708)	(39,176)

15. Provisions

The Council has a number of budget provisions set up to meet known liabilities. Provisions are compulsory and required to comply with accounting standards. The provisions for the year are £16.842m and includes short term provisions (£1.917m) (2012/13 (£2.441m)) and long term provisions (£14.925m) (2012/13 (£5.534m)). The balance on the provisions at year end together with movement in the year is outlined below:

Analysis of Provisions held	31 Mar 2013	Provisions made in year	Provisions used in year	Unused amounts reversed in year	31 Mar 2014
	£000	£000	£000	£000	£000
Insurance Provisions	(6,404)	(2,293)	1,583	540	(6,574)
Landfill Site Provision	0	(9,214)	0	0	(9,214)
Other Provisions	(1,571)	(1,386)	1,903	0	(1,054)
Total Provisions	(7,975)	(12,893)	3,486	540	(16,842)

Details about the main provisions held are as follows:

Insurance Provisions

The Council insures only part of its risks externally through insurance companies, with other risks covered by specific internal funding. The insurance provision receives contributions from charges made to service revenue accounts for insurance, and payments are made from the fund in respect of insurable liabilities, which are covered internally. At the year end, the balance on the various funds equates to the best estimate of liabilities from claims.

All of the Council's buildings are insured against fire, whilst some are also covered against other perils. Liability cover includes public liability and employer's liability.

Landfill Site Provision

The Council has made a provision of £9.214m to reflect the Council's on-going liability for the closed landfill site at Chelston Meadow. The provision has been calculated on the future maintenance costs over the next 54 years.

16. Reserves

16.1. Usable and Unusable Reserves Summary

The Council holds a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accountancy practice and others have been set up voluntarily to earmark resources for future spending plans. The following table outlines the main reserves held with further analysis of individual reserve categories being shown in the remainder of this section.

Analysis of Reserves	Note	31 Mar 2013	31 Mar 2014
		£000	£000
Usable Reserves			
General Fund Balance	16.2	10,797	10,739
Earmarked General Fund Reserves	16.3	24,417	27,443
Capital Receipts Reserve	16.4	13,121	12,863
Capital Grants and Contributions Unapplied	16.5	12,283	12,882
Total Usable Reserves		60,618	63,927
Unusable Reserves			
Revaluation Reserve	16.6	115,422	111,329
Capital Adjustment Account	16.7	326,741	301,448
Financial Instruments Adjustment Account		(4,038)	(19,484)
Pensions Reserve	16.9	(370,736)	(391,911)
Collection Fund Adjustment Account		845	1,526
Unequal Pay Back Pay Account		0	0
Accumulating Compensated Absences Adjustment Account		(3,715)	(4,182)
Deferred Capital Receipts		20	12
Available for Sale Financial Instruments Reserve		(25)	289
Total Unusable Reserves		64,514	(973)
Total Reserves		125,132	62,954

16.2. General Fund Balance

The General Fund Balance (also known as the 'Working Balance') represents accumulated surplus of income over expenditure in relation to the Authority's revenue activities. The balance may be utilised to provide for unforeseen circumstances, ensure that payments can be made pending the receipt of income, or to support the annual revenue budget (thus reducing the Council Tax levy). The balance at the start of the year was £10.797m. After taking into account the revenue deficit for the year of £0.058m the balance at 31 March 2014 was £10.739m.

16.3. Earmarked Reserves

This note sets out the amounts set aside in earmarked reserves to provide financing for future expenditure plans and policy initiatives.

Analysis of Earmarked Reserves	31 Mar 2013	Transfer to Reserves in year	Transfers from Reserves in year	31 Mar 2014
	£000	£000	£000	£000
Education/Schools Earmarked Reserves	6,427	8,202	(5,010)	9,619
PCC Earmarked Reserves for policy/future liabilities	13,917	6,421	(9,864)	10,474
Other Ring-fenced Reserves	2,835	561	(195)	3,201
Other Reserves	1,238	5,321	(2,410)	4,149
Total Earmarked Reserves	24,417	20,505	(17,479)	27,443

The main earmarked reserves and their purpose are as follows:

Education/Schools Reserves

Education carry forwards – A number of reserves are held on behalf of several educational establishments which operate under devolved budgets, whereby any surpluses or deficits are carried forward to the following financial year.

School budget share – Represents unspent balances at the year-end against schools' delegated budgets. The 31 March 2014 balance relating to the School budget share was £8.189m (31 March 2013: £5.010m).

PFI Reserve – The Council receives PFI credits towards the schools PFI contract at Wood View in equal instalments over the course of the contract. Credits received in excess of costs are carried forward in a reserve to meet future expenditure, thus smoothing expenditure and income over the term of the contract.

PCC Earmarked Reserves

These are earmarked reserves for policy and/or future liabilities. They include reserves in relation to Accommodation, Pensions, Redundancies and potential Waste liabilities, along with a revenue reserve which finances some of the £20m Investment Fund set up by the Council as part of the 'Plan for Jobs Strategy'.

16.4. Usable Capital Receipts

Capital receipts are received by the Council for the sale of assets and the repayment of mortgage loans. 75% of receipts relating to former HRA Right to Buy sales, including mortgage repayments, are paid over to central Government whilst the balance remaining may be used for the following:

- To finance capital expenditure
- To be set aside to finance future repayment of debt

The table below shows the movement in the reserve during the year:

Movement in Usable Capital Receipts	2012/13	2013/14
	£000	£000
Balance at 1 April	9,289	13,121
Add: Receipts from sales of assets, etc.	7,817	6,892
Equated Interest	0	0
Total	17,106	20,013
Less:		
Housing Pooled Capital Receipts Paid to Central Government	(8)	(11)
Used to Finance Capital Expenditure	(3,977)	(7,139)
Balance at 31 March	13,121	12,863

16.5. Capital Grants and Contributions Unapplied

The Authority receives various grants (mainly from Central Government) and contributions towards the financing of its capital programme each year. The following table details the transactions posted to the account for the period:

Movement in Capital Grants and Contributions	2012/13	2013/14
	£000	£000
Balance at 1 April	12,393	12,283
Capital Grants and Contributions recognised in the Comprehensive Income and Expenditure Statement in the year	36,383	34,997
Less used to finance Capital Expenditure	(36,493)	(34,398)
Balance at 31 March	12,283	12,882

In addition to the above balance, the Authority also held £20.617m of grants and contributions on the balance sheet at 31 March 2014 (£10.419m at 31 March 2013) which had not yet been released to the Comprehensive Income and Expenditure Statement. These will be recognised and transferred into the Capital Grants and Contribution Unapplied Account. Once the authority is satisfied that the terms and conditions of the grant have been met.

Further details of capital grants and contributions are provided in note 23.1 on page 66.

16.6. Revaluation Reserve

The Revaluation 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.

The following table details the transactions posted to the account for the period:

Movement in Revaluation Reserve	2012/13	2013/14
	£000	£000
Balance at 1 April	121,354	115,422
Upward revaluation of assets	10,815	16,760
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	(3,033)	(9,641)
Surplus or (deficit) on the revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	7,782	7,119
Transfer to Capital Adjustment Account	0	0
Release of Investment Property Balance	0	0
Difference between fair value depreciation and historical cost depreciation	(4,138)	(4,162)
Accumulated gains on assets sold or scrapped	(9,576)	(7,050)
Amount written off to the Capital Adjustment Account	(13,714)	(11,212)
Balance at 31 March	115,422	111,329

16.7. 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. It 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.

The following table shows the transactions posted to the account during the year:

Movement in Capital Adjustment Account	2012/13	2013/14
	£000	£000
Balance at 1 April	388,987	326,741
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(42,482)	(31,961)
Revaluation losses on Property, Plant and Equipment	(11,965)	(5,157)
Amortisation of intangible assets	(709)	(655)
Revenue expenditure funded from capital under statute	(15,678)	(19,107)
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	(43,462)	(11,912)
Adjusting amounts written out of the Revaluation Reserve	4,138	4,162
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	3,977	7,139
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	36,493	34,398
Amounts reserved for future capital financing:-		
Statutory provision for the financing of capital investment charged against the General Fund (includes TB&TFJC element)	9,424	9,505
Capital expenditure charged against General Fund	1,181	4,209
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(3,155)	(6,677)
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	10	0
Other Movement on the CAA in year:-		
Landfill Site Provision	0	(9,214)
Write Down of Long Term Debtors	(28)	(33)
Adjustment re Pre 2004 Leases	10	10
Balance at 31 March	326,741	301,448

16.8. 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.

16.9. 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 (i.e. enhanced pensions). 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.

Movement in Pension Reserve	2012/13	2013/14
	£000	£000
Balance at 1 April	(352,572)	(370,736)
Actuarial gains or losses on pensions assets and liabilities	(4,969)	(4,598)
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	(34,736)	(36,831)
Employer's pensions contributions and direct payments to pensioners payable in the year	21,346	20,130
(Increase) / decrease in Plymouth's share of net deficit in year of Devon County Council Pension Fund	195	124
Balance at 31 March	(370,736)	(391,911)

16.10. Collection Fund Adjustment Account

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

16.11. Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment 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.

17. Cash Flow Disclosures

17.1. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

Analysis of Operating Activities	2012/13	2013/14
	£000	£000
Net Surplus or (Deficit) on the Provision of Services	(84,587)	(54,958)
Adjust net surplus or deficit on the provision of services for non-cash movements:		
Depreciation	38,344	31,962
Impairment and downward valuations	15,120	5,157
Amortisation	709	655
Material impairment losses on Investments debited to surplus or deficit on the provision of services in year	(298)	(2,277)
Soft Loans (non-Subsidiary)-Interest adjustment credited to CIES Account during year	29	0
Adjustments for effective interest rates	(55)	(1,202)
Increase/decrease in provision for impairments/doubtful debts re: Loans & Advances	(56)	0
Increase/Decrease in Interest Creditors	1	(3,920)
Increase/Decrease in Creditors	(16,736)	5,282
Increase/Decrease in Interest and Dividend Debtors	192	140
Increase/Decrease in Debtors	(1,810)	(842)
Increase/Decrease in Inventories	129	(81)
Pension Liability	15,432	19,062
Revised IAS 19 implementation	0	(4,015)
Contributions to/(from) Provisions	611	8,867
Provision for Equal Pay	(3,322)	0
Accumulated Absence	1,328	467
Carrying amount of non-current assets sold	43,462	11,912
Carrying amount of short and long term investments sold	52,058	0
Movement in Investment Property values	0	6,677
Total	145,138	77,844
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
Capital Grants credited to surplus or deficit on the provision of services	(36,383)	(34,998)
Proceeds from the sale of short and long term investments	(52,058)	42,392
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(7,807)	(6,885)
Total	(96,248)	509
Net Cash Flows from Operating Activities	(35,697)	23,395

Analysis of interest paid and Received	2012/13	2013/14
	£000	£000
Ordinary interest received	1,101	909
Soft Loans (non-Subsidiary) Interest adjustment credited to I+E Account during year	(29)	0
Adjustment for Icelandic impairments	(125)	(115)
Opening Debtor	394	202
Closing Debtor	(202)	(150)
Interest Received	1,139	846
Interest charge for year	(11,857)	24,774
Adjustments for differences between Effective Interest Rates and actual interest payable	(55)	(1,202)
Adjustment for impairment losses on Long & Short Term Investments charged to Interest Payable	(298)	(2,277)
Opening Creditor	(5,529)	(5,530)
Closing Creditor	5,530	1,610
Interest Paid	(12,209)	17,375
Dividend Received	0	209
Opening Debtor	0	0
Closing Debtor	0	(88)
Dividend Received	0	121

17.2. Cash Flow Statement – Investing Activities

Analysis of Investing Activities	2012/13	2013/14
	£000	£000
Property, Plant and Equipment Purchased	(30,736)	(26,043)
Other Capital Payments	(13)	(169)
Opening Capital Creditors	(1,173)	(5,566)
Closing Capital Creditors	1,273	4,737
Movement on other capital creditors	(632)	0
Purchase of Property, Plant and Equipment, investment property and intangible assets	(31,281)	(27,041)
Purchase of short and long term investments	(39,025)	(87,575)
Long term loans granted	(79)	(404)
Other payments for Investing Activities	(79)	(404)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	7,817	1,523
Proceeds from short term investments	52,058	0
Proceeds from short-term and long-term investments	52,058	0
Other capital cash receipts	1,145	5,455
Capital Grants Received	37,821	44,386
Other capital cash receipts in advance	(3)	0
Other Receipts from Investing Activities	38,963	49,841
Total Cash Flows from Investing Activities	28,453	(63,656)

17.3. Cash Flow Statement – Financing Activities

Analysis of Financing Activities	2012/13	2013/14
	£000	£000
Cash receipts of short and long term borrowing	230,194	357,177
Billing Authorities - Council Tax and NNDR adjustments	1,019	1,189
Repayment of Short-Term and Long-Term Borrowing	(210,940)	(359,330)
Payments for the reduction of a finance lease liability	(397)	(250)
Payments for the reduction of a PFI liability	(770)	(808)
Total Cash Flows from Financing Activities	19,106	(2,022)

17.4. Cash Flow Statement – Cash and Cash Equivalent

Analysis of Cash and Cash Equivalents	2012/13	2013/14
	£000	£000
Cash and Bank Balances	1,614	1,690
Cash Investments - regarded as cash equivalents	62,091	19,527
Tamar Bridge & Torpoint Ferry	1,282	1,487
Total	64,987	22,704

18. Amounts reported for resources allocation decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular no charges are made in relation to capital expenditure whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement. The cost of retirement benefits is based on cash flows payment of employer's pension contributions rather than current service cost of benefits accrued in the year and expenditure on some support services is budgeted for centrally and not charged to directorates.

The 2012/13 comparative figures shown in this note reflect the departmental structure which was presented to Cabinet in that year i.e. prior to the revised management structure which was introduced in 2012. It is not appropriate to restate these figures as the objective of this note is to present the outturn position as reported to decision makers. It is therefore not possible to compare the service outturn at a directorate level between the years, although the overall outturn position year on year can be determined from the information shown.

The table below shows the final outturn for 2013/14 analysed by service as reported to the Authority's Cabinet:-

	Executive Office	Corporate Items	Corporate Services	People Directorate	Place Directorate	Total
2013/14	£000	£000	£000	£000	£000	£000
Fees, Charges & other service income	1,096	9,099	44,534	25,460	28,189	108,378
Government grants & contributions	65	2,258	106,013	293,798	5,134	407,268
Total	1,161	11,357	150,547	319,258	33,323	515,646
Employee expenses	(2,167)	(4,510)	(26,592)	(145,380)	(24,158)	(202,807)
Other operating Expenses	(332)	(16,545)	(125,506)	(298,148)	(47,679)	(488,210)
Support Service Recharges	(502)	(988)	(9,000)	(18,625)	(8,130)	(37,245)
Total	(3,001)	(22,043)	(161,098)	(462,153)	(79,967)	(728,262)
Net Cost of Services 2013/14	(1,840)	(10,686)	(10,551)	(142,895)	(46,644)	(212,616)

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

Reconciliation to Net cost of services in Comprehensive Income and Expenditure Statement	£000
Net Cost of Services in Service Analysis as shown in the table above	(212,616)
Add Adjustments and Amounts not reported in Management accounts (including Tamar Bridge & Torpoint Ferry Joint Committee)	(34,890)
Add Net Expenditure of Services not included in the main analysis (Trading)	1,796
Remove amounts reported to management not included in Comprehensive Income and Expenditure	12,806
Net Cost of Services in Comprehensive Income and Expenditure Statement	(232,904)

Reconciliation to Subjective Analysis

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

	Service Analysis	Adjustments & Amounts not in Management accounts	Services not in main analysis	Not incl in I&E	Net cost of services	Corporate Amounts	Total
2013/14	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	103,612	(7,783)	10,595	(51,159)	55,265	7,765	63,030
Government grants & contributions	407,267	(125,160)	53	(2,590)	279,570	233,170	512,740
Interest and Investment income	4,767	0	0	(4,767)	0	6,546	6,546
Total Income	515,646	(132,943)	10,648	(58,516)	334,835	247,481	582,316
Depreciation, amortisation and impairment	(1,066)	(8,827)	(2,574)	1,399	(11,068)	(978)	(12,046)
Employee expenses	(202,807)	758	(2,025)	25,452	(178,622)	(20,948)	(199,570)
Gain or Loss on disposal of Fixed Assets	0	0	0	0	0	(18,855)	(18,855)
Interest Payments	(5,270)	0	0	5,270	0	(35,056)	(35,056)
Other service Expenses	(481,819)	114,991	(3,359)	31,886	(338,301)	7,366	(330,935)
Payments to Housing Capital Receipts Pool	0	0	0	0	0	(5)	(5)
Precepts and levies	(54)	0	0	54	0	(54)	(54)
Support service recharges	(37,246)	(8,869)	(894)	7,261	(39,748)	(1,848)	(41,596)
Total Operating Expenses	(728,262)	98,053	(8,852)	71,322	(567,739)	(70,378)	(638,117)
Surplus or deficit on the provision of services 2013/14	(212,616)	(34,890)	1,796	12,806	(232,904)	177,103	(55,801)

Amounts reported for resources allocation decisions (2012/13 Comparative)

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular no charges are made in relation to capital expenditure whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement. The cost of retirement benefits is based on cash flows payment of employer's pension contributions rather than current service cost of benefits accrued in the year and expenditure on some support services is budgeted for centrally and not charged to directorates.

The income and expenditure of the Authority's General fund directorates recorded in the budget reports for the year is as follows:-

2012/13	Executive Office	Corporate Items	Corporate Services	People Directorate	Place Directorate	Total
	£000	£000	£000	£000	£000	£000
Fees, Charges & other service income	183	10,925	15,007	24,052	28,634	78,801
Government grants & contributions	17	3,451	124,201	288,578	5,554	421,801
Total	200	14,376	139,208	312,630	34,188	500,602
Employee expenses	(2,107)	(1,824)	(28,162)	(151,260)	(24,824)	(208,177)
Other operating Expenses	(403)	(12,207)	(141,631)	(281,782)	(52,054)	(488,077)
Support Service Recharges	(1)	(203)	(620)	(6,409)	(1,385)	(8,618)
Total	(2,511)	(14,234)	(170,413)	(439,451)	(78,263)	(704,872)
Net Cost of Services	(2,311)	142	(31,205)	(126,821)	(44,075)	(204,270)

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

Reconciliation to Net cost of services in Comprehensive Income and Expenditure Statement	£000
Net Cost of Services in Service Analysis as shown in the table above	(204,270)
Add Adjustments and Amounts not reported in Management accounts (including Tamar Bridge & Torpoint Ferry Joint Committee)	(81,783)
Add Net Expenditure of Services not included in the main analysis (Trading)	2,120
Remove amounts reported to management not included in Comprehensive Income and Expenditure	34,603
Net Cost of Services in Comprehensive Income and Expenditure Statement	(249,330)

Reconciliation to Subjective Analysis

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

	Service Analysis	Adjustments & Amounts not in Management accounts	Services not in main analysis	Not included in I&E	Net cost of services	Corporate Amounts	Total
2012/13	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	73,550	(14,158)	10,580	(19,161)	50,811	34,037	84,848
Government grants & contributions	421,801	(125,029)	25	(4,900)	291,897	233,865	525,762
Interest and Investment income	5,251	0	0	(5,251)	0	5,637	5,637
Total Income	500,602	(139,187)	10,605	(29,312)	342,708	273,539	616,247
Depreciation, amortisation and impairment	(1,287)	(25,335)	(2,718)	1,629	(27,711)	(2,022)	(29,733)
Employee expenses	(208,177)	1,635	(1,932)	26,094	(182,380)	(40,806)	(223,186)
Gain or Loss on disposal of Fixed Assets	0	0	0	0	0	(52,936)	(52,936)
Interest Payments	(5,534)	0	0	5,534	0	(17,716)	(17,716)
Other service Expenses	(481,126)	117,934	(3,207)	29,063	(337,336)	6,155	(331,181)
Payments to Housing Capital Receipts Pool	0	0	0	0	0	(8)	(8)
Precepts and levies	(130)	0	0	130	0	(130)	(130)
Support service recharges	(8,618)	(36,830)	(628)	1,465	(44,611)	(1,333)	(45,944)
Total Operating Expenses	(704,872)	57,404	(8,485)	63,915	(592,038)	(108,796)	(700,834)
Net Cost of Services	(204,270)	(81,783)	2,120	34,603	(249,330)	164,743	(84,587)

19. Agency Services

The Council has a number of arrangements in place where it is acting as an agent for a third party. The accounts exclude all but the administration fee that the Authority receives for providing these services. During 2013/14, the significant agency services that the Authority undertook were as follows:-

Northern, Eastern and Western Devon Clinical Commissioning Group (New Devon CCG)

The Council carries out certain work on an agency basis on behalf of the New Devon CCG, the main service relating to the procurement of health care. The Council pays the Care Providers for nursing care and then collects it from the New Devon CCG.

Collection of Local Taxation

The Council, as billing authority for Council Tax, acts as an agent on behalf of the Devon & Cornwall Police & Crime Commissioner and Devon and Somerset Fire & Rescue Authority. The Council includes a debtor or creditor in its Balance Sheet for deficits/surpluses on the Collection Fund attributable to the two precepting authorities at the year end.

The expenditure incurred and income received in relation to these services is shown within the Collection Fund Statement and associated notes on pages 82 - 86.

Business Improvement District (BID)

The Council acts as an agent for the city's two BID companies, Plymouth City Centre Company and Plymouth Waterfront Partnership Ltd, billing and collecting the BID Levy (the contribution from businesses within the respective Business Improvement District areas for improvement initiatives) on behalf of the two companies.

Other Agency Arrangements

The Authority also provides a number of other, less significant agency services for which it is reimbursed, including Payroll Services and School Catering Services.

20. Members' Allowances

The Council made payments totalling £0.917m (2012/13: £0.923m) to its Members in the year made up as follows:

Analysis of Members Allowance	2012/13	2013/14
	£000	£000
Basic Allowance	572	576
Special Responsibility Allowance	343	336
Travel, subsistence and other expenses	8	5
Total	923	917

Travel and subsistence and other expenses covers claims submitted direct by Councillors. Expenses such as rail or air fares may be raised through the Council's internal procurement system. These are charged to the Members support budget where these relate direct to a Member's corporate responsibility, or, if incurred in relation to a specific service issue, direct to the service concerned.

The Council is required to publish details of payments made to its Members and these can be obtained from the Council's website:

<http://www.plymouth.gov.uk/homepage/Councilanddemocracy/membersallowances.htm> or, in writing, from the Democratic Support Officer, Directorate for Corporate Services, Civic Centre, Plymouth PL1 2AA.

21. Officers' Remuneration

21.1. Senior Employees

Senior employees earning £50,000 or more per annum who have responsibility for the management of the Council or power to directly control the major activities of the Council are required to be listed by way of job title within the accounts. Where an employee's remuneration exceeds £150,000 there is an additional requirement that they be identified by name. Plymouth defines relevant senior staff as members of the Corporate Management Team (Directors) and Departmental Management Teams (Assistant Directors). In line with majority of the public sector, a pay freeze was implemented for the Council's senior management in 2013/14.

Senior Management Post	Financial Year	Salaries	Fees & Allowances*	Redundancy Payments	Pension Contributions	Total Remuneration	Notes
Salary over £150,000		£	£	£	£	£	
Chief Executive	2013/14	150,000	2,040	0	21,511	173,551	Tracey Lee started 29/10/2012, annual salary £150,000.
	2012/13	63,710	2,549	0	9,110	75,369	
Salary over £50,000 but less than £150,000							
Director for People	2013/14	129,699	1,239	0	18,547	149,485	Job title changed from Director for People to Strategic Director for People on 01/01/2014.
	2012/13	129,999	1,211	0	18,547	149,757	
Director for Place	2013/14	114,637	601	0	16,393	131,631	Job title changed from Director for Place to Strategic Director for Place on 01/01/2014.
	2012/13	114,637	394	0	16,393	131,424	
Director for Corporate Services	2013/14	39,932	8	0	5,993	45,933	The position holder left the Council on 12/08/2013. The post has been deleted.
	2012/13	112,439	0	0	16,393	128,832	
Director for Public Health	2013/14	36,275	3,947	0	5,529	45,751	The function of Public Health transferred to PCC on 1 April 2013. This position was filled 01/06/2013 - 05/11/2013. An acting director was seconded to PCC from 01/04/2013 - 01/06/2013 and an interim director was appointed for the period of 28/10/2013 - 31/03/2014. Their remuneration is not included in these figures but disclosed below separately.
	2012/13	0	0	0	0	0	
Assistant Director for Democracy and Governance	2013/14	84,606	201	0	12,099	96,906	
	2012/13	84,576	6,895	0	12,099	103,600	

Senior Management Post	Financial Year	Salaries	Fees & Allowances*	Redundancy Payments	Pension Contributions	Total Remuneration	Notes
Assistant Director for Co-operative Commissioning and Adult Social Care	2013/14	84,606	266	0	12,099	96,971	Position holder left on 05/05/2013, new AD started 07/05/2013.
	2013/14	8,188	0	0	1,171	9,359	
	2012/13	84,606	115	0	12,099	96,820	
Assistant Director for Environmental Services	2013/14	67,548	0	12,150	199,536	279,234	Position holder was made redundant and left on 18/01/2014. The post has been deleted. Pension contribution includes strain payment made to the Pension Fund.
	2012/13	84,606	0	0	12,099	96,705	
Assistant Director for Finance	2013/14	84,606	452	0	12,099	97,157	Job title changed from Assistant Director for Finance, Assets Technology and Assets to Assistant Director for Finance on 01/01/2014.
	2012/13	84,606	660	0	12,099	97,365	
Assistant Director for HR and Organisational Development	2013/14	63,455	248	0	9,074	72,777	The position holder left the Council on 31/12/2013. The post is filled by an interim Director employed by NEW Devon CCG and seconded to PCC. His remuneration is not included in these figures but disclosed below separately.
	2012/13	84,606	582	0	12,099	97,287	
Assistant Director for Economic Development	2013/14	83,634	241	0	12,099	95,974	Reduction in salary is due to opting to use salary sacrifice scheme.
	2012/13	84,606	109	0	12,099	96,814	
Assistant Director for Education, Learning and Family Support	2013/14	98,000	2,233	0	14,014	114,247	Position holder appointed on 14/11/2012, annual salary £84,606. Market forces supplement of £13,394 paid in 2013/14.
	2012/13	37,295	2,851	0	5,333	45,479	
Assistant Director for Children's Social Care	2013/14	90,003	4,610	0	12,870	107,483	Position holder appointed on 11/03/2013, annual salary £84,606. Market forces supplement of £5,397 paid in 2013/14.
	2012/13	5,081	0	0	727	5,808	
Assistant Director for Strategic Planning and Infrastructure	2013/14	73,424	237	0	10,500	84,161	Position holder appointed to current role on 01/01/2014, annual salary £84,606. Previously AD for Planning, annual salary £69,696.
	2012/13	69,696	96	0	9,966	79,758	
Assistant Director for Transport and Infrastructure	2013/14	88,748	443	93,502	13,472	196,165	Assistant Director for Transport and Infrastructure was made redundant and left the Council on 03/03/2014, salary for 2013/14 includes pay in lieu of leave. The post has been deleted.
	2012/13	69,696	438	0	9,966	80,100	
Assistant Director for Homes and Communities	2013/14	69,696	0	0	9,967	79,663	
	2012/13	69,696	182	0	9,966	79,844	
Assistant Director for Customer Services	2013/14	29,040	354	0	4,153	33,547	Original post holder left 31/10/2013, acting AD appointed 1/11/2013. Negative fees and allowances figures are due to repayment of relocation expenses.
	2013/14	40,656	-2,662	0	5,814	43,808	
	2012/13	22,857	2,717	0	3,269	28,843	

* Fees and allowances include expenses such as travel, subsistence and fees for election duties and in the case of the Assistant Director for Education, Learning and Family Support and the Assistant Director for Children's Social Care it includes relocation expenses.

In addition to the remuneration paid to senior employees the Council also incurred the expenditure shown below in relation to interim appointments to key positions:

Senior Management Post	Financial Year	Salaries	Fees & Allowances	Pension Contributions	Total Remuneration	Notes
Director for Transformation (Interim)	2013/14				116,522	David Trussler started 12/08/2013.
	2012/13				0	
Director of Public Health (Interim)	2013/14				84,435	Stephen Horsley started 28/10/2013.
	2012/13				0	
Acting Director of Public Health	2013/14				16,344	Debbie Stark started 01/04/2013, seconded to PCC for 3 months 1 day a week.
	2012/13				0	
Assistant Director for Street Scheme Services (Interim)	2013/14				45,058	Simon Dale started 23/12/2013.
	2012/13				0	
Assistant Director for HR & Org Development (Interim)	2013/14				14,750	Chris Squire started 07/01/2014, seconded to PCC for 2 days a week.
	2012/13				0	
Head of Portfolio Office (Transformation)	2013/14				71,967	Sue Thomas started 14/10/2013.
	2012/13				0	
Head of Business Technology Architecture (Transformation)	2013/14				47,086	Hugh Van Wijk started 20/01/2014.
	2012/13				0	

21.2. Remuneration above £50,000

The Council is required by statute to disclose the number of employees whose remuneration for the year (excluding employer pension contributions) was £50,000 or more.

The numbers below include the senior management analysed between schools and non-schools staff as disclosed in note 21.1 page 61.

Remuneration Bandings	2012/13		2013/14	
	Schools	Non schools	Schools	Non schools
£50,000 - £54,999	32	19	21	20
£55,000 - £59,999	25	17	27	17
£60,000 - £64,999	17	6	22	11
£65,000 - £69,999	12	8	13	3
£70,000 - £74,999	5	7	4	5
£75,000 - £79,999	1	0	1	1
£80,000 - £84,999	0	6	3	3
£85,000 - £89,999	0	3	1	1
£90,000 - £94,999	0	1	0	1
£95,000 - £99,999	2	1	1	1
£100,000 - £109,999	1	0	0	1
£110,000 - £119,999	0	2	0	1
£120,000 - £129,999	0	0	0	0
£130,000 - £139,999	0	1	0	1
£140,000 - £185,999	0	0	0	2
Total	95	71	93	68

The change between years in the highest band is due to post of Chief Executive being held by more than one person during the financial year, thus the table only reflects part year salary totals.

21.3. Employee Exit Packages

The authority incurred costs during 2013/14 relating to employee exit packages linked to compulsory and voluntary redundancies, a summary of which is shown below:

Banding	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	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
£							£000	£000
00,000 - 20,000	57	60	102	37	159	97	1,087	594
20,001 - 40,000	6	11	1	0	7	11	195	275
40,001 - 60,000	0	5	0	0	0	5	0	225
60,001 - 80,000	0	0	0	0	0	0	0	0
80,001-100,000	0	2	0	0	0	2	0	178
100,001-150,000	0	0	0	0	0	0	0	0
150,001-200,000	0	0	0	0	0	0	0	0
200,001 - 250,000	0	1	0	0	0	1	0	202
Total	63	79	103	37	166	116	1,282	1,474

The Authority terminated the contracts of a number of employees in 2013/14 including school based staff, incurring liabilities of £1.474m (2012/13 £1.282m). This includes a sum of £0.729m to the pension fund in respect of pension strain payments. The Council's expenditure on Schools is primarily funded by the Dedicated Schools Grant provided by the Department for Education.

Reasons for termination included early retirement, voluntary and compulsory redundancies. In the case of compulsory redundancies the council's Redundancy Avoidance Policy provides the possibility of redeployment to other jobs suited to the experience and ability of staff concerned in case of compulsory redundancies.

22. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

Analysis of External Audit costs	2012/13	2013/14
Audit Area:	£000	£000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor including Tamar Bridge and Torpoint Ferry Joint Committee	185	181
Fees payable to Grant Thornton for the certification of grant claims and returns	24	24
Fees payable in respect of other services provided by the appointed auditor.	4	17
Total	213	222

23. Government Grants

23.1. Grant Income - Credited to the Comprehensive Income and Expenditure Statement (CIES)

The Authority credited the following revenue grants to Service areas in 2013/14:-

Government Grants Credited to Services	2012/13	2013/14
	£000	£000
Housing Benefit and Council Tax Benefit Subsidy	119,606	100,579
Benefits Admin Grant	2,377	2,270
Learning and Skills Council	8,213	6,307
DSG & Other Education Grants	125,011	131,226
Early Intervention Grant	12,131	0
Learning Disability and Health Reform	2,428	0
New Homes Bonus	1,413	2,838
Local Welfare Provision	9	1,064
S31 Grant - Small Business Rate Relief Extension	0	1,004
Public Health Grant	0	11,160
Other Revenue Grants	3,135	4,200
Total Revenue Grants Received	274,323	260,648

The above revenue grants are in addition to the non-ring-fenced Government grants reported in note 7 Page 35

In addition the following capital grants and contributions have been credited to the Comprehensive Income and Expenditure Statement:-

Capital Grants and Contributions by Grant	2012/13	2013/14
	£000	£000
Big Lottery	3,250	617
Department for Transport	4,801	6,312
Department of Communities & Local Government	1,120	916
Department for Education and Skills	24,731	24,636
Other Grants and Contributions	2,480	3,433
Total Grants & Contributions Received	36,382	35,914

The above grants and contributions were credited to the CIES as follows:

Capital Grants and Contributions recognised in the CIES	2012/13	2013/14
	£000	£000
Children's and Education Services	10,475	16,681
Housing Services	2,230	1,940
Other Grants and Contributions	918	1,140
Total Recognised in the Surplus/Deficit on Continuing Operations	13,623	19,761
Financing and Investment Income and Expenditure	43	70
Total Recognised in the Surplus/Deficit on Continuing Operations	13,666	19,831
Taxation and Non-Specific Grant Income	22,716	15,166
Total Recognised in the Surplus or (Deficit) on Provision of Services	36,382	34,997

23.2. Grants held on the Balance Sheet

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The grants are carried on the Balance Sheet as a creditor in a Grants Receipts in Advance Account and are split between Revenue and Capital Grant Receipts in Advance as follows:

The Revenue Grant Receipts in Advance for the year ended 31 March 2014 are £5.194m (2013 £1.643). The Capital Grants received in Advance for the year ended 31 March 2014 are £20.617 (2013 £10,419).

24. Related Party Transactions and Partnerships

24.1. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

The table below outlines transactions between the Council and its subsidiaries, associates, jointly controlled and other assisted organisations where the influence is considered to be material, either to the Council or to the organisation.

Related Party Transactions	2012/13		2013/14	
	Receipts	Payments	Receipts	Payments
Subsidiary, Associated and Jointly Controlled organisations	£000	£000	£000	£000
Plymouth Investment Partnerships Ltd (PIP)	107	0	567	0
Tamar Science Park Ltd	0	(16)	0	(5)
The PLUS Organisation Ltd	5	(869)	26	(615)
Assisted Organisations				
Careers South West	6	(1,716)	0	(1,217)
Destination Plymouth	0	0	1	(204)
Devon Audit Partnership	25	(461)	25	(418)
Millfields CEDT	134	(168)	98	(92)
Mount Batten Sailing and Water Sports Centre	3	(109)	2	(122)
Plymouth Citizens Advice Bureaux	0	(471)	0	(619)
Plymouth City Centre Company	272	(226)	224	0
Plymouth Waterfront Partnership	84	(147)	90	(300)
Routeways Board	13	(501)	12	(380)
Shekinah Mission	0	(181)	1	(261)
Wolseley CEDT	349	(329)	325	(415)
Totals	998	(5,194)	1,371	(4,648)

Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Housing Benefits). Details of transactions with Government Departments are set out in note 23 pages 66 to 67.

Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. Members and Officers of the Council have returned 80 declarations of Related Party Transactions for 2013/14, a response rate of 100%.

25. Leases

25.1. Authority as a lessee – finance leases

The buildings acquired under a finance lease are carried in the Balance Sheet as Investment Property and the other assets are carried as Property, Plant and Equipment at the following net amounts:

During 2013/14 depreciation of £0.237m (2012/13: £0.235m) was charged in relation to assets held under finance leases.

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

Finance lease liabilities (net present value of minimum lease payments):	31 Mar 13	31 Mar 14
	£000	£000
Current	235	217
Non-Current	1,954	1,721
Finance costs payable in future years	3,714	3,550
Minimum lease payments	5,903	5,488

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

Analysis of Leasing Obligations	Minimum Lease Payments		Finance Lease Liabilities	
	31 Mar 13	31 Mar 14	31 Mar 13	31 Mar 14
	£000	£000	£000	£000
Not later than one year	397	364	235	217
Later than one year and not later than five years	898	684	353	162
Later than five years	4,608	4,440	1,601	1,559
Total	5,903	5,488	2,189	1,938

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

25.2. Authority as a lessee – operating leases

The Council leases vehicles, equipment and some buildings under operating lease for its operational purposes. The future minimum lease payments due in future years under non-cancellable leases are:

Operating leases - Authority as a lessee	31 Mar 13	31 Mar 14
	£000	£000
Not later than one year	1,072	564
Later than one year and not later than five years	906	2,630
Later than five years	4,422	6,011
Total	6,400	9,205

The minimum lease payment charged in the Comprehensive Income and Expenditure Statement during the year in relation to these assets was £1.356m (£1.307m in 2012/13).

25.3. Authority as a lessor – operating leases

The Council is a lessor of a number of properties, including city centre shops and several retail and industrial units. The future minimum lease payments receivable under non-cancellable leases are:

Operating Leases - Authority as a Lessor	31 Mar 13	31 Mar 14
	£000	£000
Not later than one year	4,357	5,212
Later than one year and not later than five years	14,463	17,491
Later than five years	357,869	358,710
Total	376,689	381,413

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

26. Private Finance Initiatives (PFI) and Similar Contracts

26.1. Schools PFI

The Council makes an agreed payment each year, part of which is subject to an annual inflation increase, and can be reduced if the contractor fails to meet availability and performance standards in any one year but which is otherwise fixed. A total payment of £5.297m was made in 2013/14 (£5.203m 2012/13). Payments remaining to be made under the PFI contract at 31 March 2013, excluding any estimation of inflation and availability / performance deductions are as follows:

PFI Outstanding Liabilities	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Total Payments to Operator in 2013/14	1,830	807	2,642	5,279
Payable in 2014/15	1,933	828	2,571	5,332
Payable within two to five years	8,701	3,687	9,534	21,922
Payable within six to ten years	13,003	5,889	9,952	28,844
Payable within eleven to fifteen years	15,561	8,068	7,014	30,643
Payable within sixteen to twenty years	15,100	10,968	2,696	28,764
Total	56,128	30,247	34,409	120,784

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

Movement in PFI Liability	2012/13	2013/14
	£000	£000
Balance outstanding 1 April	31,017	30,247
Payments during the year	(770)	(807)
Balance Outstanding 31 March	30,247	29,440

The Council has secured PFI credits to the value of £49m, to which interest is added resulting in total Government support of £101.888m over the contract period, and this together with an annual contribution from the Council of approximately £0.650m and schools of £0.920m will be used to meet the running costs of the contract, including the loan repayments.

The PFI credits will be paid to the Council at a rate of £3.982m per annum. Spend to be incurred during the contract will vary from year to year as lifecycle works are undertaken. The Council transfers any surplus resources for the PFI scheme to a PFI reserve to match commitments that will be incurred in later years.

26.2. Waste PFI

The Council is part of a Waste Partnership with Torbay Council & Devon County Council which was set up formally in 2008 to source a household waste disposal solution for South West Devon. The three councils jointly signed a 25 year contract for waste disposal with German Company MVV Umwelt in March 2011 following a public procurement exercise. MVV are currently building an energy from waste facility on leased Ministry of Defence land at Camels Head North Yard in Devonport Dockyard, Plymouth. Construction is due to be completed in the autumn of 2014 when the plant will receive waste from the three authorities in return for contract payments linked to tonnages delivered.

The costs of procurement and initial start-up from 1st April 2007 to 31st March 2014 for the partnership totalled £3.3m and these have been shared equally between the three Councils. The expenditure for 2013/14 was £0.27m. The total estimated cost of the contract to the partnership is £436m, (at February 2010 prices, indexation will apply) over the 25 year period.

The estimated first full year cost 2015/16 (using assumed price inflators) is £15.0m, which is estimated to be split between the three authorities as follows Plymouth £7.1m, Devon £5.0m, and Torbay £2.9m, based on latest estimates of tonnes of waste to be delivered to the plant. There are also annual fixed costs estimated to be £1.8m for rates and land leases etc. which will be divided between the authorities in similar proportions.

The governance of the partnership is through the South West Devon Waste Partnership Committee and the Plymouth's finance staff are currently assessing the appropriate financial reporting arrangements of the partnership contract costs within each authority and the committee.

27. Pensions

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

27.1. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers Pension Scheme

Teachers employed by the Authority are members of the Teachers' Pension scheme administered by the Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the authority contributes towards the cost by making contributions based on a percentage of member's pensionable salaries.

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

In 2013/14, Plymouth City Council paid £6.371 to Teachers' Pensions in respect of teachers' retirement benefits, representing 13.43% of pensionable pay. The figures for 2012/13 were £6.818m and 14.10%. There were no

contributions remaining payable at the year-end. In 2013/14 the minimum contribution was 6.4% of salary, the maximum was 11.2%.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note 27.2 below.

27.2. Defined Benefit Pension Schemes

Participation in pension schemes

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

Local Government Pension Scheme (LGPS)

Plymouth City Council and Tamar Bridge & Torpoint Ferry Joint Committee participate in the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit scheme based on final pensionable salary.

The Joint Committee Scheme is administered by Cornwall Council and so separate notes have been included to represent Plymouth City Council's 50 % interest.

Pension Information for Plymouth City Council Scheme (PCC)

Transactions relating to post-employment benefits

In 2013/14 the Council paid an employer's contribution of £17.353m (2012/13: £17.597m), representing 20.67% of employees' pensionable pay into Devon County Council's Pension Fund, which provides members with defined benefits, related to pay and service. Employees are also required to contribute to the pension scheme and the contribution rate is determined by annual salary level. In 2013/14 the minimum contribution level was 5.5% of salary, and the maximum level was 7.5%.

The Council recognises the cost of retirement benefits in the surplus/deficit on continuing services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, and the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	2012/13	2013/14
	£000	£000
Cost of Services		
Service Cost	21,939	20,775
Financing and Investment Income and Expenditure		
Net Interest on the defined liability (asset)	14,941	15,358
Other Operating Expenditure		
Administration expenses	226	290
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	37,106	36,423
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(36,833)	(841)
Actuarial gains and losses arising on charges in demographic assumptions	0	1,603
Actuarial gains and losses arising on changes in financial assumptions	37,405	18,800
Experience gain/(loss) on defined benefit obligation	0	(15,070)
Other (if applicable)	0	(599)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	37,678	40,316
Movement in Reserves Statement		
Reversal of net charges made to the Surplus of Deficit on the Provision of Service for post-employment benefit in accordance with the Code	(37,106)	(36,423)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contribution payable to scheme	16,321	16,465
Retirement benefits payable to pensioners	3,410	3,407
Adjustment re: net increase/(decrease) pre LGR pension liability	195	124

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2014 is a loss of £137.699m.

27.3. Assets and liabilities in relation to post-employment benefits (PCC)

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Reconciliation of present value of the scheme liabilities (defined benefit obligation)	2012/13	2013/14
	£000	£000
Opening balance at 1st April	(793,076)	(868,939)
Current service cost	(22,361)	(23,564)
Interest cost	(36,030)	(38,465)
Change in financial assumptions	(37,405)	(18,800)
Change in demographic assumptions	0	(1,603)
Experience loss/(gain) on defined benefit obligation	0	15,070
Liabilities assumed / (extinguished) on settlements	992	2,580
Estimated benefits paid net of transfers in	22,766	24,999
Past service costs, including curtailments	(217)	(828)
Contributions by scheme participants	(5,662)	(5,525)
Unfunded pension payments	2,054	2,063
Closing present value of liabilities	(868,939)	(913,012)

Reconciliation of fair value of the scheme (plan) assets	2012/13	2013/14
	£000	£000
Opening fair value of scheme assets	458,336	516,252
Interest income	21,089	23,107
Re-measurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	36,833	841
Other actuarial gains/(losses)	0	599
Administration expenses	(226)	(290)
Contributions from employer	19,731	19,872
Contributions from employees into the scheme	5,662	5,525
Benefits paid	(24,820)	(27,061)
Settlement prices received / (paid)	(353)	1,037
Closing present value of Assets	516,252	539,882
Closing balance at 31 March	(352,687)	(373,130)

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

27.4. Scheme History (PCC)

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. The total liability of £352.690m is shown as a negative balance and therefore has an impact on the net worth of the authority as recorded in the Balance Sheet. However the negative balance that arises measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2014 is £17.353m.

27.5. Basis for Estimating Assets and Liabilities (PCC)

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, gender, salary levels, investment returns, interest rates, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, estimates for the City Council's share of the Fund being based on the latest full valuation of the scheme as at 31 March 2013.

Basis for Estimating Assets and Liabilities	2012/13	2013/14
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	20.6	22.7
Women	24.6	26.0
Longevity at 65 for future pensioners:		
Men	22.6	24.9
Women	26.5	28.3
Rate of inflation (CPI)	2.6%	2.8%
Rate of increase in salaries	4.8%	4.6%
Rate of increase in pensions	2.6%	2.8%
Rate for discounting scheme liabilities	4.5%	4.5%

Sensitivity Analysis Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption	Decrease in Assumption
	£000	£000
Longevity (increase or decrease in 1 year)	881,013	945,300
Rate of increase in salaries (increase or decrease by 1%)	915,352	910,687
Rate of increase in pensions (increase or decrease by 1%)	928,026	898,289
Rate for discounting scheme liabilities (increase or decrease by 1%)	896,255	930,099

27.6. Total Assets (PCC)

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

Categories by proportion of the total assets held	31/03/2013	31 Mar 2014
	%	%
Equities	61	75
Gilts	13	7
Property	8	11
Cash	3	2
Other investments	15	5
Total	100	100

27.7. Pension Assets and Liabilities Recognised in the Balance Sheet

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

Pension Assets and Liabilities Recognised in the Balance Sheet	2012/13	2013/14
	£000	£000
Present value of the defined benefit	833,473	875,611
Fair value of plan assets	516,252	539,882
Net liability	317,221	335,729
Other movements in the liability	35,466	37,401
Net liability arising from defined benefit obligation	352,687	373,130

Pension information for Tamar Bridge & Torpoint Ferry Joint Committee (TB&TFJC)

27.8. Transactions in the Comprehensive Income and Expenditure Statement and Movement in Reserve Statement (TB&TFJC)

Plymouth City Council's share (50%) of the cumulative amount of actuarial losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2014 is £0.382m (2013 £1.499m).

Comprehensive Income and Expenditure Statement	2012/13	2013/14
	£000	£000
Cost of Services		
Service Cost	259	325
Financing and Investment Income and Expenditure		
Net Interest expense	66	84
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	325	409
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(498)	(2)
Actuarial gains and losses arising on changes in demographic assumptions	0	221
Actuarial gains and losses arising on changes in financial assumptions	850	220
Experience gain/(loss) on defined benefit obligation	(8)	266
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	669	1,114
Movement in Reserves Statement		
Reversal of net charges made to the Surplus of Deficit on the Provision of Services for post-employment benefit in accordance with the Code	(325)	(409)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contribution payable to scheme	259	258

27.9. Assets and Liabilities in Relation to Post-Employment Benefits (TB&TFJC)

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2012/13	2013/14
	£000	£000
Opening balance at 1st April	(6,761)	(8,044)
Current service cost	(259)	(325)
Interest cost	(327)	(366)
Contributions from scheme participants	(82)	(78)
Re-measurement (gains) and losses:		
Actuarial gains/losses arising from changes in demographic assumptions	0	(221)
Actuarial gains/losses arising from changes in financial assumptions	(850)	(220)
Experience loss/(gain) on defined benefit obligation	8	(266)
Benefits paid	227	240
Closing present value of liabilities	(8,044)	(9,280)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	2012/13	2013/14
	£000	£000
Opening fair value of scheme assets	5,367	6,238
Interest income	261	282
Re-measurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	497	2
Contributions from employer	258	258
Contributions from employees into the scheme	82	78
Benefits paid	(227)	(240)
Closing fair value of scheme assets	6,238	6,618
Closing balance at 31 March	(1,806)	(2,662)

The actual return on employer assets in the year was £0.284m (2012/13: £0.759m).

The liabilities show the underlying commitments that the Joint Committee has to pay in the long run to pay post-employment (retirement) benefits. The total liability of £2.661 has an impact on the net worth of the authority as recorded in the Balance Sheet. However the negative balance that arises measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

The total contributions expected to be made to the Local Government Pension Scheme via the Joint Committee in the year to 31 March 2014 is £0.340m.

27.10. Scheme History (TB&TFJC)

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, gender, salary levels, investment returns, interest rates, etc. The Cornwall Council pension scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the City Council's share of the Fund being based on the latest full valuation of the scheme as at 31 March 2013.

28. Contingent Assets and Liabilities

28.1. Contingent Assets

The Council has the following contingent assets to report:

1. Overpaid Landfill Tax

A claim was submitted in March 2011 to HMRC for the reclaim of overpaid Landfill Tax covering the period between January 2007 and March 2008 at Chelson Meadow where it has been established that Landfill had been used for engineering purposes and is therefore exempt from landfill tax. HMRC issued a brief on the 18th May 2012 which has clarified their position and potentially resolves any disputes outstanding as they are closing the loophole from 2009 onwards, leaving no objections to claims for 2006 to 2009. To date agents for the Council have been unsuccessful in obtaining any final resolution from HMRC, repayments and the request for a formal departmental review have been refused and the agents are looking to lodge an appeal.

2. Plymouth Airport

Plymouth City Airport is let on 150 year lease from 2004. The Council's Lessee served notice of its intention to close the airport in December 2010 because of continuing trading losses. On 23 August 2011 the Council's Cabinet accepted the notice of non-viability from the Lessee following receipt of three independent reviews of the airport business and options for its financial viability. The airport closed for business in December 2011. The Council's freehold and the Lessee's leasehold interest are due to be merged and the former Lessee will then be responsible for obtaining planning permission and marketing the site. Any eventual net land disposals proceeds will be divided between the Council and the former Lessee 75%/25%. However the timing and amount of any such receipts is uncertain and is subject to a review of strategic planning policies applicable to the site.

28.2. Contingent Liabilities

The Council has the following contingent liabilities to report.

1. PLUSS Organisation Ltd

PLUSS was set up as a company on 1 August 2005. The three originating Councils, Plymouth, Torbay and Devon are technically 'members' of the company and agreed to provide a range of support to the company. Plymouth along with Devon, Torbay and Somerset provide PLUSS with a guarantee on their bank overdraft of £0.250m with Barclays plc.

The Council has also guaranteed any necessary payments to the pension fund for transferred employees, which would become due in the event of PLUSS becoming insolvent. The Pension Scheme was closed to new members from 30 September 2011 and fully closed from 31 March 2014 so the risk, which is shared between the 4 participating authorities and minimized by the provision of a bond or cash deposit by the company, will significantly reduce over time.

Negotiations were ongoing for the possible transfer by the member authorities of their interest in the company which would have involved the discharge the liabilities. Cabinet approval for the Transfer was obtained, but unfortunately, this will not happen at present due to the prospective purchaser with whom Council representatives were negotiating terms having withdrawn.

2. Single Status Equal Pay Claims

The Council has received a number of equal pay claims over the past few years. During 2012/13 a number of these claims were settled and charged against the provision set up for this purpose. As at 31st March 2014, a funded balance of £0.696m remains in the provision. In addition a sum of £0.900m is held in an earmarked reserve. The actual value of the outstanding claims, which are yet to be heard in court, cannot be assessed with any certainty.

3. Civic Centre

On 21 June 2007 the City Council was informed that the Civic Centre had been Grade II listed by English Heritage and since that time Council Officers have been working on solutions to determine the future for the building and site.

The listing continues to have a potentially significant financial impact on the Council. As a listed building, demolition is not feasible and therefore a renovation and conversion project is required. The Council will vacate the building by December 2014 and will occupy alternative office accommodation so that a twin-track approach can be actioned:

Option one: The building will be sold to a private developer for conversion to a non-council use such as a hotel.

Option two: Failing option one the Council itself will work up a conversion scheme for offices that can be partly occupied by the Council, with the remaining office space being leased out as part of the Council's commercial estate.

The operating cost of the Civic Centre of c. £1.6m per annum impacts on all Council Departments. In addition, if the Council itself needs to fund the repair and renovation of the building, there will be a capital funding requirement of c. £30m, although the operating costs of a renovated building would be expected to be less than as existing. If the building is sold to a private developer, the Council may need to incur professional and legal fees in connection with the disposal.

4. Plymouth Community Homes

As part of the stock transfer negotiations the Council was required to provide a number of warranties to the funders of Plymouth Community Homes. These include:

- an environmental warranty whereby the Council has agreed to warrant that no dangerous substance is present in the property that has transferred or that no part of the Property has been or could lawfully be designated as contaminated land; the Council is currently exploring options around mitigating this liability through an insurance policy.
- an asbestos warranty where the Council has agreed to reimburse Plymouth Community Homes the costs of asbestos containment or removal should the cost of such works exceed £10m in the first 12.5 years.

In addition the Council has provided a Pension guarantee whereby the Council has agreed to protect the Pensions Administering Authority against the insolvency, winding up or liquidation of Plymouth Community Homes Ltd.

5. Eastern Corridor Integrated Transport Scheme

Finalisation of costs for the Gydria Way construction works are subject to final agreement with a potential claim from Amey (LG) Ltd regarding potential inaccuracies in design works supplied by the Council for the scheme.

The potential liability could be in excess of £2.2m and the matter has been referred for specialist legal advice.

6. Groundwork South West - in administration

The Trust was placed in administration in May 2012. There is a substantial debt owed to the bank in the region of £1 million. Other creditor's claims total circa £200,000. There is a substantial debt owed to the Council which stems from the payroll function that it undertook for the Trust. The sum owed is £324,055.05. There is also an amount of £644.50 owed in respect of commercial rent and approximately £8,000 for non-domestic rates.

The Administrator stated, upon its appointment, that the financial situation of the Trust is not looking very favourable. Its main asset is its property at Sandon Court, Millfields, which is valued at circa £½ million.

It is not known at this point whether the Council will be likely to recover all/any of the amounts owed to it. The administrators have stated, however, that it could be the case that the payroll debt owed to the Council, as it

formed wages to employees, could be regarded as “subrogated preferential debt” and thus the Council, possibly, may be entitled, above other creditors, to recoup some of the amount owed to it.

8. Personal Search Fees

A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not yet been issued. The Council has been informed that the value of those claims at present is in the region of £500,000 plus interest and costs. It is not clear what the value of any such claim would be as against the Council.

9. HealthTec South West Ltd

HealthTec South West Ltd was incorporated on 15 February 2010. The company was supported by a strategic partnership for which the lead organisation is the Council.

HealthTec completed a lease for a 6 year term from 20 August 2010, to which the Council was party as Guarantor, of office premises at the first floor of 41 Estover Close (Forresters House). The lease contains a tenant only break option effective on 20 August 2013 subject to a minimum 6 months written notice etc.

HealthTec ceased trading on 1 November 2011. Subsequently the Council took an assignment of the lease and Plymouth Adult and Community Learning Service (PACLS) took occupation on 14 March 2012.

The Council is mitigating any loss by making beneficial use of the premises and has served notice to break the lease from 20 August 2013. The Council will still be subject to the cost of any dilapidations due.

10. Chelson Meadow

Environmental engineering Capital works at Chelson Meadow were let under a ‘target price’ contract with a pain gain share arrangement and undertaken between Sept 2009 and June 2012. However towards the end of 2011 the Contractor significantly increased their estimate of the contract out-turn cost above the agreed certified ‘target price’ without substantiation. In line with the Contract the Contractor was able to claim costs in advance of Completion for work done albeit these costs were in excess of the certified and agreed ‘target price’ - this has resulted in an overpayment above the certified Target.

Since works completion in June 2012, the Contractor has refused to repay the Council the overpayment and have retrospectively stated that they believe they are entitled to a further significant payment. The Council have contested this position, and several Adjudications have been undertaken to help to determine a final account and monies due to both parties. Final costs have yet to be determined and will depend upon the final application of the Adjudications decisions, any litigation, and the settlement of the final account.

11. Business Rates Appeals

Since the introduction of the Business Rates Retention Scheme on 1 April 2013, Local Authorities are liable for their proportionate share of the cost incurred due to refunds made to rate payers following successful appeals. A provision has been included in the accounts based on the estimated liability arising from business rates appeals outstanding at 31 March 2014, however, it is expected that further appeals will be made by businesses in future years that will have an impact on 2013/14 and previous years. The amount of these probable future payments has been estimated at £1.708m.

29. Trust Funds and Special Balances

During 2013/14 the Council held Trust Funds and administered other special balances and the funds do not represent assets of the Council. Although most of the accounting records of these funds are held within the Council’s financial accounting system, they do not form any part of the Council’s Balance Sheet. The Trust Funds held as at 31 March 2014 is £1.500m (Brock Trust £0.828, Others £0.672m) (2013 £1.343m (Brock Trust £0.828m, Others £0.515)).

COLLECTION FUND FOR THE YEAR ENDED 31 MARCH 2014

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

2012/13		Note	2013/14		
			Business Rates	Council Tax	Total
£000	Income		£000	£000	£000
(94,115)	Council tax receivable	1	0	(102,400)	(102,400)
(21,402)	Transfer from General Fund - Council Tax Benefit		0	0	0
(83,150)	Business rates receivable	2	(87,452)	0	(87,452)
(198,667)			(87,452)	(102,400)	(189,852)
	Expenditure				
	Apportionment of previous year's surplus				
8	Devon & Cornwall Police & Crime Commissioner		0	23	23
3	Devon & Somerset Fire & Rescue Service		0	11	11
11			0	34	34
	Precepts, demands and shares	3.1 & 3.2			
82,841	Payment to the National Pool		0	0	0
0	Central Government		42,994	0	42,994
96,177	Plymouth City Council		42,134	85,007	127,141
12,342	Devon & Cornwall Police & Crime Commissioner		0	10,909	10,909
5,712	Devon & Somerset Fire & Rescue Service		860	5,048	5,908
197,072			85,988	100,964	186,952
	Charges to the Collection Fund				
5,110	Write offs of uncollectable amounts		183	738	921
(4,202)	(Increase)/Decrease in Bad Debt Provision	4.1 & 4.2	141	(431)	(290)
0	(Increase)/Decrease in Provision for Appeals	5	1,380	0	1,380
309	Cost of collection allowance		310	0	310
1,217			2,014	307	2,321
(367)	(Surplus)/Deficit for the year		550	(1,095)	(545)
	Collection Fund Balance				
(625)	Balance as at 1st April 2013		0	(992)	(992)
(367)	(Surplus)/Deficit for the year (as above)		550	(1,095)	(545)
(992)	Balance as at 31st March 2014		550	(2,087)	(1,537)
	Allocated to:	6			
0	Central Government		275	0	275
(845)	Plymouth City Council		270	(1,796)	(1,526)
(100)	Devon & Cornwall Police & Crime Commissioner		0	(199)	(199)
(47)	Devon & Somerset Fire & Rescue Service		5	(92)	(87)
(992)	Total allocated		550	(2,087)	(1,537)

NOTES TO THE COLLECTION FUND

I. Council Tax Income

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands based on an estimated 1 April 1991 value for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Devon & Cornwall Police & Crime Commissioner, Devon and Somerset Fire and Rescue Authority and the City Council for the forthcoming year and dividing this by the Council Tax base. The tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and estimated collection rates: 66,958 in 2013/14 (77,271 in 2012/13). The reduction has arisen due to significant changes in the regulations regarding Council Tax exemptions and discounts, and new legislation, specifically the introduction of the Council Tax Support scheme which has replaced Council Tax Benefit.

The basic amount of Council Tax for a Band D property (£1,507.86 for 2013/14) is multiplied by the proportion specified for the particular band to give an individual amount due. The calculation of the Council Tax Base is shown in the following table:

Band	No of Properties Before Discounts	No of Properties After Discounts	Band D Equivalents	Estimated Collection Rate	Adjusted Band D Equivalents
A	44,263	27,100	18,063	97.5%	17,612
B	29,252	22,987	17,878	97.5%	17,432
C	20,668	18,043	16,038	97.5%	15,637
D	8,429	7,691	7,691	97.5%	7,499
E	4,344	4,105	5,017	97.5%	4,891
F	1,636	1,562	2,256	97.5%	2,199
G	514	491	819	97.5%	798
H	26	19	38	97.5%	37
	109,132	81,998	67,800		66,105
Adjustment for MOD Properties					853
Tax Base Totals			67,800		66,958

The Council Tax Base was calculated at the time the 2013/14 budget was set, based on the estimated number of properties and value of discounts applicable to each band at that time. The estimated income, allowing for non-collection, was £100.963m (66,958 x £1,507.86). In practice, however, the average number of properties and values of discounts vary from the estimates, and the actual income increased to £102.400m (2012/13 £94.115m) made up of £102.662m from Council Tax payers with a reduction of £0.262m due to previous years' adjustments relating to the Council Tax Benefit scheme.

2. Income from Business Ratepayers

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government, which was 47.1p in 2013/14 (45.8p in 2012/13).

In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NNDR pool) administered by Central Government, which, in turn, paid to local authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/14, the administration of NNDR changed following the introduction of the Business Rates Retention Scheme, which aims to give councils a greater incentive to grow businesses but also increases the financial risk

due to volatility and non-collection of rates due. In the case of Plymouth the retained proportion of NNDR income is 49%. The remainder is distributed to preceptors: 1% to the Devon and Somerset Fire and Rescue Service (DSFRS) and 50% to Central Government.

The business rates shares payable for 2013/14 were estimated before the start of the financial year as £42.994m to Central Government, £0.860m to DSFRS and £42.134m to Plymouth City Council. These sums have been paid during 2013/14 and charged to the Collection Fund in year.

When the scheme was introduced the Government set a baseline funding level (based on local demand for services) for each authority and applied the system of tariffs and top-ups to ensure all authorities receive their baseline amount. In 2013/14 Plymouth had a baseline amount of £50.960m and received a top-up of £8.819m which was credited to the General Fund and included in Note 7.

In addition to the top-up and tariffs a safety net figure is calculated by Central Government, this mechanism is designed to protect local authorities from large fluctuation in their business rates income. The safety net threshold for Plymouth is £47.138m (92.5% of the baseline amount). As our adjusted retained income is above this level no safety net payment was due to Plymouth for 2013/14.

Under the rate retention scheme local authorities became liable for their share of the liability arising from the in-year and backdated impact of successful business rate appeals. Based on the analyses of previous year trends and the list of outstanding appeals provided by the VOA as at 31 March 2014 the Council included a provision of £1.004m and disclosed a contingent liability in Note 28.2 relating to potential future liability arising from appeals not submitted as at the balance sheet date.

For 2013/14, the total non-domestic rateable value at the end of the year was £224.317m (£226.475m in 2012/13).

The total income from ratepayers in 2013/14 was £87.452m (£83.150m in 2012/13).

This sum included £0.623m of transitional protection payments from ratepayers, which under regulations should have a neutral impact on the business rates retention scheme and will be repaid to Central Government.

3. Precepts and Demands

3.1 Council Tax

The budgets of the City Council, Devon & Cornwall Police & Crime Commissioner, Devon and Somerset Fire and Rescue Authority are partly financed from the Council Tax. The sums required from Council Tax by the Council, Fire Authority and Police Commissioner are determined by each body as part of the budget process and are called demands (Council) and precepts (Fire and Police). The income from Council Tax payers is paid into the Collection Fund and payments are made by the Collection Fund for the demands and precepts due to the Council, Fire Authority and Police Commissioner.

3.2 National Non-Domestic Rates

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The scheme allows the Council to retain a proportion of the total NNDR received. Plymouth City Council's share is 49% with the remainder paid to precepting bodies. For Plymouth the NNDR precepting bodies are Central Government (50%share) and Devon and Somerset Fire and Rescue Authority (1% share).

NNDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

4. Provisions for Non Payment

4.1 Council Tax

Contributions are made from the Collection Fund Income and Expenditure Account to an Allowance for Non-Collectability of Debt (Bad Debt Provision) Account. During 2013/14, £0.307m (£0.908m in 2012/13) was contributed to the Account and £0.738 (£5.110m in 2012/13) of irrecoverable debt was written off. The bad debts provision for this year is £1.668m (2012/13 £2.119m) and the movement in the provision is shown below:

Movement in Council Tax Allowance for Non-Collectability of Debt Account	2012/13	2013/14
	£000	£000
Balance brought forward 1 April	6,321	2,119
Contributions in year	908	307
Write Offs	(5,110)	(738)
Net change in provision	(4,202)	(431)
	2,119	1,688

The Bad Debt Provision is required to be apportioned between the 3 authorities in proportion to their precept/demand on the Collection Fund. The Police Commissioner's and Fire Authority's proportion of the allowance for non-collectability for debt is £0.412m leaving a balance of £1.277m to cover Plymouth City Council's proportion of Council Tax arrears. The Police and Fire elements are shown in the Council's Balance Sheet as a debtor.

4.2 National Non-Domestic Rates

The Collection Fund account provides for bad debts on arrears on the bases of prior year experience and current year collection rates.

Movement in NNDR Allowance for Non-Collectability of Debt Account	2012/13	2013/14
	£000	£000
Balance brought forward 1 April	807	576
Write Offs	(2,257)	(183)
Contributions to provision	2,026	324
Net change in provision	(231)	141
Closing balance at 31 March	576	717

The Council's proportionate share of these write offs and increase in provision are shown below, the proportionate share of the preceptors are shown on the Balance Sheet as Debtors.

Movement in NNDR Allowance for Non-Collectability of Debt Account	2012/13	2013/14
	£000	£000
Balance brought forward 1 April	395	282
Write Offs	(1,106)	(90)
Contributions to provision	993	159
Net change in provision	(113)	69
Closing balance at 31 March	282	351

5. Provision for Appeals

The Collection Fund account also provides for provision for appeals against the rateable value set by the VOA not settled as at 31st March 2014. This is the first year of the provision.

Movement in NNDR Allowance for Appeals	2012/13	2013/14
	£000	£000
Balance brought forward 1 April	0	0
Contributions to provision in relation to prior years	0	478
Contributions to provision in relation to 2013/14	0	902
Total Contribution to provisions	0	1,380
Net change in provision	0	1,380
Closing balance at 31 March	0	1,380

The Council's proportionate share of the provision for appeals for this year is £0.676m (2012/13 £nil), the proportionate share of the preceptors are shown on the Balance Sheet as Debtors.

Movement in NNDR Allowance for Appeals	2012/13	2013/14
	£000	£000
Balance brought forward 1 April	0	0
Contributions to provision in relation to prior years	0	234
Contribution to provisions in relation to 2013/14	0	442
Net change in provision	0	676
Closing balance at 31 March	0	676

6. Distribution of Collection Fund Surpluses and Deficits

The net accumulated surplus on the Collection Fund at 31 March 2014 amounts to £1.537m (2012/13 £0.992m) with £2.087m surplus relating to Council Tax collection, £0.001m surplus relating to Community Charge and £0.550m deficit relating to NNDR.

The net surplus relating to Council Tax and Community Charge will be repaid to the City Council, Devon & Cornwall Police & Crime Commissioner, Devon and Somerset Fire & Rescue Authority in 2014/15 and 2015/16 in proportion to each authority's demand/precept on the Collection Fund. The Council's share of the surplus will be reviewed as part of the budget setting process for 2015/16.

The £2.087m surplus is apportioned as follows: Plymouth City Council £1.796m, Devon and Cornwall Police & Crime Commissioner £0.199m and Devon and Somerset Fire & Rescue Authority £0.092m.

The deficit relating to the NNDR will be apportioned between Plymouth City Council, Devon and Somerset Fire and Rescue Authority and the Government based on their proportionate shares in 2015/16.