

South Worcestershire Shared Services Partnership **Joint Committee Accounts 2010-11**



South Worcestershire Shared Services Partnership

Joint Committee Accounts 2010-11

Contents

Page

Introduction	1
Explanatory Foreword	2
Statement of Accounting Policies	3
Movement in Reserves Statement	6
Comprehensive Income and Expenditure Statement	7
Balance Sheet	8
Notes to Core Financial Statements	9
Statement of Responsibilities	26
Audit Report	27

Introduction

The South Worcestershire Shared Services Partnership is a Joint Committee formed on 2nd July 2007 by Worcestershire County Council, Malvern Hills District Council, Worcester City Council and Wychavon District Council for the purposes of Section 101 of the Local Government Act 1972 and Section 20 of the Local Government Act 2000. The Partnership agreement dated 2nd July has now superseded by an agreement dated 31st March 2009.

The member authorities have agreed to delegate the following of their functions to the Joint Committee:

- ▶ To oversee the development, planned implementation and continued operation of each of the joint shared service functions specified (or to be specified) in the agreement on behalf of the member authorities;
- ▶ To establish a framework for the operation of other shared services in Worcestershire including a programme for establishing feasibility and implementation
- ▶ Where the member authorities agree to implement a shared service in any other particular service area and agree that such shared service shall be delegated to the Joint Committee, to oversee development, planned implementation and continued operation of that shared service.

For the period 1 April 2010 to 31 March 2011 there were four services that fell under the terms of this agreement. These Shared Services were for Revenues and Benefits, Building Control, Worcestershire Hub (Wychavon District Council is not a member of the Worcestershire Hub Shared Service) and ICT. This Statement of Accounts represents the activity in operating all four of the shared services during the period. The previous year's comparatives refer to the Revenues and Benefits, Building Control and Worcestershire Hub shared services only. The ICT Shared Service was a new shared service which began operation on 1 April 2010.

The Statement of Accounts has been prepared by the current lead financial authority for the Joint Committee, Malvern Hills District Council, with the co-operation of the other councils.

There are no revenue balances at the end of the financial year, any surpluses and deficits were dealt with during the year and reimbursed or charged to partners as appropriate. Two earmarked reserves have been created for investment in new technology (Revenues and Benefits) and implementation of a new IT system (Building Control). The surplus/deficit on the Comprehensive Income and Expenditure Statement relates purely to IAS 19 transactions, which are reversed out through the Movement in Reserves Statement.

The Partnership believes that it is important that stakeholders understand its finances. Therefore, if there is anything that you think we can do to improve our reporting the please do not hesitate to contact me at the address below:

Andy Baldwin BEcon Hons, CPFA

Lead Financial Officer to the Joint Committee

Malvern Hills District Council
The Council House
Avenue Road
Malvern
WR14 3AF

Explanatory Foreword

1. Introduction

This Statement of Accounts presents the financial position of the Joint Committee for the year ended 31 March 2011. The Accounts are produced in the format stipulated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with best accounting practice. This foreword provides a brief explanation of the financial aspects of the Joint Committee's activities and a guide to the significant matters reported in the accounts.

The accounting policies used are outlined in this document and have been fairly and consistently applied. Proper and up to date accounting records are kept in all four member Authorities and assurance has been given that all reasonable steps have been taken to prevent and detect fraud and other irregularities.

The Lead Financial Officer is the officer responsible for the proper administration of the Partnership's financial affairs.

2. Governance Framework

Malvern Hills District Council has been appointed as the accountable body and the governance arrangements and systems of internal control are consistent with those adopted by Malvern Hills District Council.

Malvern Hills District Council has an Annual Governance Statement which explains the governance framework within the Council and the control arrangements that are in place. As the appointed host to the Joint Committee the arrangements are consistent with all services provided by Malvern Hills District Council.

3. The Accounting Statements

The accounting statements included in the accounts are listed below along with an explanation of their purpose:

Movement in Reserves Statement. This shows the movement in the year on the different reserves within the Joint Committee, analysed into 'usable reserves' (those that can be applied to fund expenditure) and other reserves. The Surplus (or Deficit) on the Provision of Services shows the true economic cost of providing the committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. 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 committee.

Comprehensive Income and Expenditure Statement. This reconciliation statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Balance Sheet. This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the committee. The net assets of the committee (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves is usable reserves – the General Fund Balance that the committee may use to provide services. The second category of reserves is those that the authority is not able to use to provide services. For the Joint Committee the only reserve within unusable reserves is the Pensions Reserve.

Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2010-11 financial year and its position as at 31 March 2011. The Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting 2010-11, relevant International Financial Reporting Standards and the Best Value Accounting Code of Practice (BVACOP).

2. Accruals of Income and Expenditure

Activity is accounted for in the year in which it takes place, not simply when cash payments are made or received. In particular:

- Fees and charges due from customers are accounted for as income at the date the partnership provides the relevant goods or services;
- Supplies are recorded as expenditure when they are consumed;
- Where income and expenditure have been recognised but has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Support Services Allocation

Support service costs have been fully allocated to the Revenues and Benefits Shared Service. This includes residual support service costs incurred by Malvern Hills District Council and Worcester City Council in addition to actual costs incurred by the host authority, Wychavon District Council.

The support service costs for the Building Control Shared Service, the Worcestershire Hub and the ICT Shared Service only include the marginal additional costs of supporting the shared service and not the full support service costs.

4. Property, Plant and Equipment

During the year, the Revenues and Benefits Shared Service purchased additional IT Storage which was capitalised and is held as Property, Plant and Equipment in Wychavon District Council's accounts as the host authority and are accounted for in accordance with the Accounting Policies of that Council.

The Worcestershire Hub undertook a number of capital projects including a telephone upgrade, a wide area network upgrade, a self service library system and customer services development. These assets are held as Property, Plant and Equipment in Worcestershire County Council's accounts as the host authority and are accounted for in accordance with the Accounting Policies of that Council.

The assets are depreciated over their useful lives in accordance with the host authorities' accounting policies.

5. Estimation Techniques

In line with International Financial Reporting Standard (IFRS) 8 Accounting Policies, Changes in Accounting Estimates and Errors, a distinction is drawn between accounting policies and estimation techniques. Estimation techniques are the methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. Throughout this section and in the notes to the Core Financial Statements, reference is made to the bases on which assets, liabilities, gains and losses have been assessed.

6. Employee Benefits

The Joint Committee is not permitted under the Local Government Act to employ staff directly; therefore benefits paid during employment are accounted for in accordance with the accounting policies of the host authority.

The Partnership participates in a defined benefit scheme for employees of the shared services, which is administered by Worcestershire County Council. The cost of pensions included within the accompanying statements follow the requirements of IAS 19 Employee Benefits. This policy recognises, within the accounts, pension liabilities when they are earned even though the actual giving will be many years into the future. It better reflects the overall position which has given rise to the commitment in the long-term to increase contributions to make up any shortfall in the assets in the pension fund.

7. Income Recognition

Government Grants and other contributions towards revenue expenditure are recognised on an accruals basis when conditions of entitlement to the grant/ contribution are satisfied and there is reasonable assurance that the monies will be received.

8. Events After the Balance Sheet Date

There are no post balance sheet events that require disclosure.

9. Provisions

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

Provisions are charged as an expense against the relevant service line in the Comprehensive Income and Expenditure Statement in the year that the shared service becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are made they are charged against the provision carried in the Balance Sheet.

The Worcestershire Hub Shared Service has made a provision relating to the costs of restructuring the core Hub staffing team. The restructure will be completed during 2011-12 and the costs incurred will be offset against the provision.

10. Other Accounting Matters

During the initial period of operation of the individual shared services transactions have taken place in each of the Member Authorities and these transactions have been combined to produce the Statement of Accounts.

The main accounting records and information are retained at:

1. Malvern Hills District Council
The Council House
Avenue Road
Malvern
WR14 3AF

2. Worcestershire County Council
County Hall
Spetchley Road
Worcester
WR5 2NP

3. Wychavon District Council
Civic Centre
Queen Elizabeth Drive
Persnore
Worcs
WR10 1PT

South Worcestershire Shared Service Partnership Movement in Reserves Statement 2010-11

	Note	General Fund Balance £000	Earmarked Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Commitment Reserves £000
Balance at 31st March 2009		184	-	184	(1,498)	(1,314)
Movement in Reserves during 2009/10						
Surplus/ (deficit) on the provision of services		(109)	-	(109)	-	(109)
Other Comprehensive Income and Expenditure		-	-	-	70	70
Total Comprehensive Income and Expenditure		(109)	-	(109)	70	(39)
Adjustments between accounting basis & funding basis under regulations	6	52	-	52	896	948
Increase/ Decrease in 2009-10		(57)		(57)	966	909
Balance at 31 March 2010		127		127	(532)	(405)
Movement in Reserves during 2010/11						
Surplus/ (deficit) on the provision of services		782	-	782	-	782
Other Comprehensive Income and Expenditure		-	-	-	(1,139)	(1,139)
Total Comprehensive Income and Expenditure		782	-	782	(1,139)	(357)
Adjustments between accounting basis & funding basis under regulations	6	(882)	-	(882)	312	(570)
Net Increase/ Decrease before Transfer to Earmarked Reserve		(105)	-	(105)	(826)	(927)
Transfers to/ from Earmarked Reserves	7	(27)	27	-	-	-
Increase/ Decrease in 2010-11		(127)	27	(105)	(826)	(927)
Balance at 31 March 2011		-	27	27	(1,358)	(1,331)

South Worcestershire Shared Services Partnership Comprehensive Income and Expenditure Statement 2010-11

	Note	Gross Expenditure 2010-11 £000	Gross Income 2010-11 £000	Net Expenditure 2010-11 £000	Net Expenditure 2009-11 £000
Service Expenditure Analysis	8, 10, 11, 12				
Central Services to the Public		4,616	(4,506)	110	(21)
Cultural, Environmental, Regulatory and Planning Services		749	(732)	17	(6)
Housing Services		4,912	(4,679)	233	39
Corporate and Democratic Core		1,806	(1,751)	55	-
Non Distributed Costs		(1,061)	-	(1,061)	-
Net Cost of Services		11,022	(11,668)	(646)	12
Financing and Investment Income and Expenditure	9			(136)	97
Surplus or Deficit on the Provision of Services				(782)	109
Actuarial (Gains)/ Losses on Pension Assets	11			1,139	(70)
Total Comprehensive Income and Expenditure				357	39

South Worcestershire Shared Services Partnership

Balance Sheet as at 31 March 2011

	Note	Revenues & Benefits £000	Building Control £000	Worcestershire HUB £000	ICT £000	Total 2010/11 £000	Total 2009/10 £000	Total 2008/09 £000
Short-term Debtors	14	107	-	208	439	754	224	17
Cash		95	72	24	(396)	(205)	354	369
Current Assets		202	72	232	43	549	578	386
Short-term Creditors	15	(180)	(67)	(208)	(43)	(498)	(451)	(202)
Provisions	16	-	-	(23)	-	(23)	-	-
Current Liabilities		(180)	(67)	(231)	(43)	(521)	(451)	(202)
Other Long-term Liabilities – Pensions	11	(1,288)	94	66	(230)	(1,358)	(532)	1,498
Net Assets		(1,266)	99	66	(230)	(1,330)	(405)	(1,314)
Usable Reserves	6	22	5	-	-	27	127	184
Unusable Reserves	11	(1,288)	94	66	(230)	(1,358)	(532)	(1,498)
Total Reserves		(1,266)	99	66	(230)	(1,330)	(405)	(1,314)

Notes to the Core Financial Statements

1. Transition to IFRS

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS based Code has resulted in presentational changes to the statements but no material restatement of balances or transactions in 2010-11 or previous years.

Opening Balance Sheet 1 April 2009

	Note	SORP 2009 £000	Reclassification £000	IFRS £000
Short-term Debtors		17	-	17
Cash		369	-	369
Current Assets		386	-	386
Short-term Creditors		(202)	-	(202)
Current Liabilities		(202)	-	(202)
Other Long-term Liabilities – Pensions		1,498	-	1,498
Net Assets		(1,314)	-	(1,314)
Funded by:				
Pensions Reserve	(1)	(1,498)	(1,498)	-
Revenue Balances	(1)	184	(184)	-
Usable Reserves		-	184	184
Unusable Reserves		-	(1,498)	(1,498)
Total Reserves		(1,314)	-	(1,314)

Balance Sheet at 31 March 2010

	Note	SORP 2010 £000	Reclassification £000	IFRS £000
Short-term Debtors		224	-	224
Cash		354	-	354
Current Assets		578	-	578
Short-term Creditors		(451)	-	(451)
Current Liabilities		127	-	127
Other Long-term Liabilities – Pensions		(532)	-	(532)
Net Assets		(405)	-	(405)
Funded by:				
Pensions Reserve	(1)	(532)	532	-
Revenue Balances	(1)	127	(127)	-
Usable Reserves			127	127
Unusable Reserves			(532)	(532)
Total Reserves		(405)	-	(405)

Reconciliation of Comprehensive Income for the year ended 31st March 2010

	Notes	Net Expenditure SORP 2010 £000	Restatement £000	Reclassification £000	IFRS £000
Service Expenditure Analysis					
Central Services to the Public	(2)	(32)	11	-	(21)
Cultural, Environmental & Planning Services	(2)	(22)	16	-	(6)
Housing Services		39		-	39
Net Cost of Services		(15)	27	-	12
Pensions Interest Cost & Expected Return on Pension Assets					
		97	-	-	97
Net Charges for Retirement Benefits	(2)	(25)	25	-	-
Financing & Investment Income & Expenditure		72	25	-	109
Surplus or Deficit on the Provision of Services		57	52	-	109
Other Comprehensive Income & Expenditure					
Actuarial gains/ losses on pension assets/ liabilities	(3)	-	(70)	-	(70)
		-	(70)	-	(70)
Total Comprehensive Income & Expenditure		57	(18)	-	39

- (1) Under IFRS Reserves are categorised as useable or unusable. Revenue balances are deemed as usable reserves and the Pension Reserve is deemed unusable. The reserves have been reclassified accordingly.
- (2) The way in which IAS 19 (formerly FRS17) adjustments are shown in the Comprehensive Income and Expenditure Statement have changed resulting the net charges for retirement benefits being removed and the employee costs within each service amended.
- (3) The Statement of Total Recognised Gains and Losses has been removed and any items previously included are now shown within Other Comprehensive Income and Expenditure.

2. Critical Judgements in Applying Accounting Policies

There are no specific critical judgements made by the Partnership in compiling this Statement of Accounts. However critical judgements in applying accounting policies within the host authorities are disclosed in their accounts.

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

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Partnership with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £404k. However, the assumptions interact in complex ways. During 2010-11 the rate of increase in pension payments changed from RPI to CPI. This gives a lower rate of increase and as a result the Partnership received a past service gain of £1,061k.

4. Material Items of Income and Expense

There are no material items of income and expenditure to disclose.

5. Events after the Balance Sheet Date

There are no material events after the balance sheet date.

6. Adjustments between Accounting Basis and Funding Basis under Regulations

The following table details the adjustments that are made to the total comprehensive income and expenditure recognised by the Committee in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions.

2010-11 Adjustments involving the Pension Reserve	Usable Reserves General Fund £000	Unusable Reserves Pension Reserve £000	Total Reserves £000
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(309)	309	-
Employers' pension contributions and direct payments to pensioners payable in the year	(573)	573	-
Estimated opening scheme deficit for new schemes added to the Joint Committee during the year		(570)	(570)
	(882)	312	(570)

2009-10 Adjustments involving the Pension Reserve	Usable Reserves General Fund £000	Unusable Reserves Pension Reserve £000	Total Reserves £000
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	482	(482)	-
Employers' pension contributions and direct payments to pensioners payable in the year	(430)	430	-
Estimated opening scheme deficit for new schemes added to the Joint Committee during the year		948	948
	52	896	948

7. Transfers to Earmarked Reserves

	Balance at 1 April 2010 £000	Transfer to Earmarked Reserve £000	Balance at 31 March 2011 £000
Revenues & Benefits – New Technology	-	22	22
Building Control – New IT System	-	5	27
Total	-	27	27

8. Segmental Analysis

The following tables detail the Council's net revenue expenditure by service as reported under management reporting arrangements and how this reconciles to the comprehensive income and expenditure statement.

2010-11	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	ICT £000	Total £000
Fees, charges & other service income	(4)	(4)	(4)	-	(12)
Income from partners	(4,323)	(728)	(4,502)	(1,751)	(11,304)
Government grants	(352)	-	-	-	(352)
	(4,679)	(732)	(4,506)	(1,751)	(11,668)
Employee expenses	3,144	532	2,576	1,297	7,549
Other expenses	572	177	1,445	432	2,626
Support service recharges	1,068	18	485	22	1,593
	4,784	727	4,506	1,751	11,768
Net Cost of Services	105	(5)	-	-	100

2009-10 Comparative	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	ICT £000	Total £000
Fees, charges & other service income	(4)	-	-	-	(4)
Income from partners	(4,703)	(805)	(4,099)	-	(9,607)
Government grants	(392)	-	-	-	(392)
	(5,099)	(805)	(4,099)	-	(10,003)
Employee expenses	3,359	555	2,307	-	6,221
Other expenses	346	238	1,453	-	2,037
Support service recharges	1,451	12	339	-	1,802
	5,156	805	4,099	-	10,060
Net Cost of Services	57	-	-	-	57

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

	2010-11 £000	2009-10 £000
Cost of Services in Service Analysis	100	57
Add Amounts not reported to management	(746)	(45)
Net Cost of Services in Comprehensive Income and Expenditure Statement	(646)	12

Reconciliation to Subjective Analysis

2010-11	Service Analysis £000	Not Reported to Management £000	Net Cost of Services £000
Fees and Charges	(12)	-	(12)
Other Income	(11,304)	-	(11,304)
Government grants and contributions	(352)	-	(352)
Total Income	(11,688)	-	(11,688)
Expenses	7,549	(746)	6,803
Transport related expenses	111	-	111
Supplies and services	1,626	-	1,626
Third party payments	907	-	907
Support services	1,575	-	1,575
Total operating expenses	11,768	(746)	11,022
Surplus or deficit on the provision of services	100	(746)	(646)

2009-10 Comparatives	Service Analysis £000	Not Reported to Management £000	Net Cost of Services £000
Fees and Charges	(4)	-	(4)
Other Income	(9,607)	35	(9,572)
Government grants and contributions	(392)	-	(392)
Total Income	(10,003)	-	(9,968)
Expenses	6,221	(80)	6,141
Transport related expenses	80	-	80
Supplies and services	988	-	988
Third party payments	969	-	969
Support services	1,802	-	1,802
Total operating expenses	10,060	(80)	9,980
Surplus or deficit on the provision of services	57	(45)	12

9. Financing and Investment Income and Expenditure

	2010-11 £000	2009-10 £000
Pension interest cost	1,124	747
Expected return on pension assets	(1,260)	(650)
Total	(136)	97

10. Employees' Remuneration

In 2009-10 and 2010-11 there was one employee in the Revenues and Benefits Shared Service whose remuneration, excluding employer's pension contributions was in the band £75,000 to £79,999.

In 2009-10 and 2010-11 there was one employee in the Worcestershire Hub Shared Service whose remuneration, excluding employer's pension contributions was in the band £55,000 to £59,999.

In 2010-11 there was one employee in the ICT Shared Service whose remuneration, excluding employer's pension contributions was in the band £55,000 to £59,999.

There were no employees in the Building Control Shared Service who earned over £50,000 in either year.

11. Pension Costs

As part of the terms and conditions of employment of its staff, the host authorities offer retirement benefits. Although these benefits will not actually be payable until employees retire, the authorities have a commitment to make the payments that need to be disclosed at the time the employees earn their future entitlement.

The Partnership participates in a funded defined benefit pension scheme administered by Worcestershire County Council. This means that the Partnership and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the Council Tax of each member Authority is based on cash payable in the year, so the real cost of retirement benefits is reversed out through the Movement in Reserves Statement.

The following transactions have been made through the Comprehensive Income and Expenditure Statement during the period:

2010-11	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	ICT £000	Total £000
Net Cost of Services					
Current Service Cost	352	73	292	171	888
Past Service Cost	(525)	(82)	(241)	(213)	(1,061)
Financing Income and Expenditure					
Interest Cost	553	107	244	220	1,124
Expected return on pension scheme assets	(548)	(155)	(335)	(222)	(1,260)
Net charge to the Comprehensive Income and Expenditure					
	(168)	(57)	(40)	(44)	(309)
Movement in Reserves					
Reversal of net charges made for retirement benefits in accordance with IAS	168	57	40	44	309
Actual amount charged against Council Tax for pensions in the year					
Employers' pension contributions	224	51	182	116	573

2009-10	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	Total £000
Net Cost of Services				
Current Service Cost	201	40	144	385
Past Service Cost	-	-	-	-
Financing Income and Expenditure				
Interest Cost	484	89	174	747
Expected return on pension scheme assets	(346)	(98)	(206)	(650)
Net charge to the Comprehensive Income and Expenditure				
	339	31	112	482
Movement in Reserves				
Reversal of net charges made for retirement benefits in accordance with IAS	(339)	(31)	(112)	(482)
Actual amount charged against Council Tax for pensions in the year				
Employers' pension contributions	219	46	165	430

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial gains and losses on assets and liabilities for each shared service are also included in the Comprehensive Income and Expenditure Statement as follows:

Revenues and Benefits – net actuarial loss of £126,000 (net gain of £63,000 2009-10).

Building Control – net actuarial loss of £435,000 (net gain of £156,000 in 2009-10).

Worcestershire Hub – net actuarial loss of £758,000 (net loss of £149,000 in 2009-10).

ICT – net actuarial gain of £180,000.

Assets and Liabilities in Relation to Retirement Benefits

The movement in the pension scheme liability for the year to 31 March is as follows:

2010-11	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	ICT £000	Total £000
Pensions Liability on 1 April	(9,473)	(1,810)	(4,154)	(3,764)	(19,201)
Current service cost	(352)	(73)	(292)	(171)	(888)
Interest cost	(553)	(107)	(244)	(220)	(1,124)
Employee contribution	(123)	(28)	(106)	(62)	(319)
Past service gain / (cost)	525	82	241	221	1,069
Actuarial gain / (loss)	1,294	529	749	132	2,704
Benefits paid	19	(19)	(26)	44	18
Pensions Liability on 31 March	(8,663)	(1,426)	(3,832)	(3,820)	(17,741)

2009-10	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	Total £000
Pensions Liability on 1 April	(6,674)	-	-	(6,674)
Current service cost	(201)	(40)	(144)	(385)
Interest cost	(484)	(89)	(174)	(747)
Employee contribution	(118)	(25)	(97)	(240)
Past service gain / (cost)	-	-	-	-
Actuarial gain / (loss)	(2,038)	(440)	(1,400)	(3,878)
Benefits paid	42	-	(19)	23
Business combinations	-	(1,216)	(2,320)	(3,536)
Pensions Liability on 31 March	(9,473)	(1,810)	(4,154)	(15,437)

The liabilities show the underlying commitments that the Partnership has in the long-run to pay retirement benefits. The total liability of all four schemes is £17,741,000 and this has a substantial impact on the net worth of the Partnership as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Partnership remains healthy as the deficit on the pension scheme will be made good by increased contributions over the remaining working life of the employees, as assessed by the scheme actuary.

The movement in the fair value of pension scheme assets for the year to 31 March is as follows:

2010-11	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	ICT £000	Total £000
Scheme Assets on 1 April	7,918	2,231	4,756	3,194	18,099
Expected return on assets	548	155	335	222	1,260
Actuarial gain / (loss)	(1,420)	(964)	(1,507)	48	(3,843)
Employer contributions	224	51	182	116	573
Member contributions	123	28	106	62	319
Benefits paid	(19)	19	26	(52)	(26)
Scheme Assets on 31 March	7,374	1,520	3,898	3,590	16,382

2009-10	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	Total £000
Scheme Assets on 1 April	5,177	-	-	5,177
Expected return on assets	346	98	206	650
Actuarial gain / (loss)	2,101	596	1,251	3,948
Employer contributions	218	46	165	429
Member contributions	118	25	97	240
Benefits paid	(42)	-	19	(23)
Business combinations	-	1,466	3,018	4,484
Scheme Assets on 31 March	7,918	2,231	4,756	14,905

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.

The actual return on scheme assets in the year for each shared service was as follows:

- Revenues and Benefits – gain of £667,000 (2009-10 gain of £2,447,000)
- Building Control – gain of £189,000 (2009-10 gain of £694,000)
- Worcestershire Hub – gain of £407,000 (2009-10 gain of £1,457,000)
- ICT – gain of £270,000

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates and salary levels. The last full valuation of the scheme was as at 1 April 2010. The principal assumptions used by the actuary for each scheme are the same apart for the Worcestershire Hub and are as follows:

Revenues & Benefits, Building Control & ICT Assumptions	End of Period	Beginning of Period
Long term expected rate of return on assets in the scheme		
Equity Investments	7.5%	7.5%
Government Bonds	4.4%	4.5%
Other Bonds	5.1%	5.2%
Property	N/A	N/A
Cash / Liquidity	0.5%	0.5%
Mortality rates		
Longevity at 65 for current pensioners		
Male	22.0	21.2
Female	24.5	24.1
Longevity at 65 for future pensioners		
Male	23.4	22.2
Female	26.1	25.0
Other		
Rate of inflation (RPI)	3.5%	3.5%
Rate of inflation (CPI)	3.0%	3.0%
Rate of increase in salaries	4.5%	5.0%
Rate of increase in pensions	3.0%	3.5%
Rate for discounting scheme liabilities	5.5%	5.7%
Take up of option to convert annual pension into retirement lump sum	50%	50%

Worcestershire HUB Assumptions	End of Period	Beginning of Period
Long term expected rate of return on assets in the scheme		
Equity Investments	7.5%	7.5%
Government Bonds	4.4%	4.5%
Other Bonds	5.1%	5.2%
Property	N/A	N/A
Cash / Liquidity	0.5%	0.5%
Mortality rates		
Longevity at 65 for current pensioners		
Male	22.0	21.2
Female	24.5	24.1
Longevity at 65 for future pensioners		
Male	23.4	22.2
Female	26.1	25.0
Other		
Rate of inflation (RPI)	3.5%	3.3%
Rate of inflation (CPI)	3.0%	2.8%
Rate of increase in salaries	4.5%	4.8%
Rate of increase in pensions	3.0%	3.3%
Rate for discounting scheme liabilities	5.5%	5.6%
Take up of option to convert annual pension into retirement lump sum	50%	50%

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

	Asset Type 2010/11	Asset Type 2009/10
Equity investments	92.7%	92.3%
Government bonds	2.6%	2.8%
Other bonds	3.8%	3.9%
Property	0%	0%
Cash / liquidity	0.9%	1.0%
	100%	100%

12. External Audit

The partnership is liable for the following fees relating to external audit paid to Grant Thornton UK LLP:

2010-11	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	ICT £000	Total £000
Financial Statement Audit	7	7	7	7	28

2009-10	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	Total £000
Financial Statement Audit	5	5	5	15
Use of Resources Assessment	3	3	3	9
Total	8	8	8	24

13. Related Party Transactions

The Partnership is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Partnership or to be controlled or influenced by the Partnership. Disclosure of these transactions allows readers to assess the extent to which the Partnership 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 Partnership.

Central Government

The Revenues and Benefits Shared Service received a grant of £352,000 during the year.

Partners to the Joint Committee

In respect of the Revenues and Benefits Shared Service, partner contributions were £1,712,000 from Worcester City Council, £843,000 from Malvern Hills District Council and £1,480,000 from Wychavon District Council. At 31st March 2011, Worcester City Council owed £67,748 to the shared service and Malvern Hills District Council owed £39,039 to the shared service.

In respect of the Building Control Shared Service, partner contributions were £234,020 from Malvern Hills District Council, £208,260 from Worcester City Council and £286,632 from Wychavon District Council. At 31st March 2011 the shared service owed £17,688 to Worcester City Council and £24,260 to Wychavon District Council.

In respect of the Worcestershire Hub Shared Service, partner contributions were £241,528 from Malvern Hills District Council, £454,985 from Worcester City Council and £3,451,000 from Worcestershire County Council. Wychavon District Council also made payment of £87,463 for Hub services although they are not a partner in this shared service. At 31st March £78,718 was owed by Malvern Hills District Council and £129,000 was owed by Worcester City Council to the shared service.

In respect of the ICT Shared Service, partner contributions were £419,016 from Malvern Hills District Council, £467,796 from Worcester City Council and £460,547 from Wychavon District Council. At 31st March the shared service was owed £106,880 by Malvern Hills District Council, £133,800 by Worcester City Council and £162,930 by Wychavon District Council.

14. Debtors

2010-11	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	ICT £000	Total £000
Other Local Authorities	107	-	208	404	719
Other Debtors	-	-	-	35	35
Total	107	-	208	439	754

2009-10	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	Total £000	2008-09 Revenues & Benefits Only £000
Other Local Authorities	33	-	191	224	17

15. Creditors

2010-11	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	ICT £000	Total £000
Other Local Authorities	11	67	199	1	278
Other Creditors	169	-	9	42	220
Total	180	67	208	43	498

2009-10	Revenues & Benefits £000	Building Control £000	Worcestershire Hub £000	Total £000	2008-09 Revenues & Benefits Only £000
Other Local Authorities	10	143	207	360	16
Other Creditors	82	-	9	91	181
Total	92	143	216	451	197

16. Provisions

A provision has been made within the Worcestershire Hub accounts for the restructuring of the core team which will be completed during 2011-12. The provision is for £23,000. There are no further provisions within the Partnership.

17. Financial Instruments

The Shared Services only have debtors and creditors. There are no separate bank accounts and no investments. There are no credit risks within the debtors and creditors balances.

18. Contingent Liabilities

There are no contingent liabilities.

19. Capital Expenditure

During the year, the Revenues and Benefits Shared Service incurred capital expenditure of £45k relating to IT storage (2009-10 £132k relating to the Revenues and Benefits ICT system). This capital expenditure is financed by contributions from Malvern Hills District Council, Worcester City Council and Wychavon District Council in line with the partnership agreement. The assets are being accounted for as property, plant and equipment in the accounts of the host authority, Wychavon District Council and depreciation will be charged in those accounts over the estimated useful life of the components.

During the year, the Worcestershire Hub Shared Service incurred capital expenditure of £375k relating to a number of items including customer service development, library self service, telephony upgrade and various smaller projects (2009-10 £630k including £280k for replacement of CRM system, £154k for relocation of Contact Centre and £197k on hardware renewal). These assets are being accounted for as property, plant and equipment in the accounts of Worcestershire County Council, the host authority and are accounted for in line with the accounting policies of that Council.

Statement of Responsibilities

The Committee's responsibilities

The committee is required to:

- Approve the Statement of Accounts

Responsibilities of the Treasurer to the South Worcestershire Shared Services Joint Committee

The Treasurer to the South Worcestershire Shared Services Joint Committee is responsible for preparing the committee's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code").

As the responsible officer, I certify that in preparing this Statement of Accounts, for the year ended 31 March 2011 I have:

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

I have also:

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

These accounts present a true and fair view of the financial position of the committee and its income and expenditure for the year ended on 31 March 2011

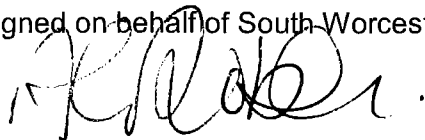


Andy Baldwin CPFA
Treasurer to the South Worcestershire Shared Services Joint Committee
26/09/11

Approval by the Joint Committee

I certify that the above Statement of Accounts was approved by committee at its meeting held on 26 September 2011.

Signed on behalf of South Worcestershire Shared Services Joint Committee:



Councillor
Chairman of the South Worcestershire Shared Services Joint Committee
26/09/11



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOUTH WORCESTERSHIRE SHARED SERVICES JOINT COMMITTEE

Opinion on the Committee's accounting statements

We have audited the accounting statements of the South Worcestershire Shared Services Joint Committee for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (based on International Financial Reporting Standards).

This report is made solely to the Members of the South Worcestershire Shared Services Joint Committee in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Committee and the Committee's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Lead Financial Officer to the Joint Committee and auditor

As explained more fully in the Statement of the Lead Financial Officer to the Joint Committee's Responsibilities, the Lead Financial Officer to the Joint Committee is responsible for the preparation of the Committee's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. Our responsibility is to audit and express an opinion on the Statement of Accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Committee; and the overall presentation of the accounting statements. We read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounting statements

In our opinion the accounting statements:

- give a true and fair view of the state of South Worcestershire Shared Services Joint Committee's affairs as at 31 March 2011 and of its income and expenditure for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (based on International Financial Reporting Standards).

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which we report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:



Grant Thornton

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounting statements are not in agreement with the accounting records and returns; or
- the annual governance statement of the accountable body, Malvern Hills District Council, does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we have not received all the information and explanations we require for our audit.

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

Committee's responsibilities

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

Auditor's responsibilities

We are required, under Section 5 of the Audit Commission Act 1998, to satisfy ourselves that the Committee has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

Basis of conclusion

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the criteria for other local government bodies published by the Audit Commission in October 2010.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, we are satisfied that, in all significant respects, South Worcestershire Shared Services Joint Committee put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

We certify that we have completed the audit of the accounts of South Worcestershire Shared Services Joint Committee in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

J D Roberts

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Friday, 30 September 2011

Need help with this:

If you require this document in large print, Braille, on tape, or in a language other than English, please call the Customer Service Centre on 01684 862151

[Customer Service Centre] سے 01684 862151 پر رابطہ قائم کریں
اگر آپ یہ جانکاری کسی اور شکل میں چاہتے ہیں تو براہ کرم مرکز برائے خدمت خریداران

ਜੇ ਤੁਸੀਂ ਇਸ ਜਾਣਕਾਰੀ ਨੂੰ ਕਿਸੇ ਹੋਰ ਰੂਪ (ਫ਼ਾਰਮੈਟ) ਵਿਚ ਚਾਹੁੰਦੇ ਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਸਾਡੇ ਗਾਹਕ ਸੇਵਾ ਸੈਂਟਰ
[Customer S C] ਨਾਲ 01684 862151 'ਤੇ ਸੰਪਰਕ ਕਰੋ

Niniejsze informacje w innej postaci, zamówić można w
Centrum Obsługi Klientów [Customer S C] pod nr tel. 01684 862151

如果您需要本份資訊以另一種版本呈現，請聯繫

[Customer Service Centre] 顧客服務中心，電話：01684 862151

Contact us

Tel: 01684 862151 **Minicom:** 01684 862168
Typetalk: 18001 01684 862151 **Fax:** 01684 574906
Email: worcestershirehub@malvern hills.gov.uk
Postal Address: The Council House, Avenue Road,
Malvern, Worcs WR14 3AF