CIPFA The Chartered Institute of Public Finance & Accountancy

LAAP BULLETIN 96

Closure of the 2012/13 Accounts and Related Matters

March 2013

The Local Authority Accounting Panel issues LAAP Bulletins to assist practitioners with the application of the requirements of the Code of Practice on Local Authority Accounting, SeRCOP and Prudential Code, and to provide advice on emerging or urgent accounting issues. Bulletins provide influential guidance that is intended to be best practice, but are not prescriptive and do not have the formal status of the Code, SeRCOP or Prudential Code.

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INTRODUCTION

1. This bulletin is the sixth in a succession of LAAP Bulletins covering the closure of accounts and related matters. In response to frequently asked questions and matters arising at various events held by the Financial Advisory Network (FAN), this bulletin provides further guidance and clarification to complement the 2012/13 Code Guidance Notes. Most of the material in earlier "year end" bulletins remains relevant and the latest guidance can be found in the Guidance Notes.

2. The bulletin focuses on those areas that are expected to be significant for most authorities. Inevitably, there will be issues that are relevant to some authorities that are not covered in this bulletin. The bulletin is not intended to replace authorities' processes for identifying issues, but to complement those processes.

3. In addition, the bulletin addresses matters that will generally be applicable to authorities across England, Wales, Scotland and Northern Ireland. However, some areas will be more relevant in some jurisdictions than others and are indicated as such.

UPDATES TO 2012/13 CODES OF PRACTICE

4. Practitioners will be aware that **updates** to the 2012/13 Code of Practice and the 2012/13 Service Reporting Code of Practice have been issued.

2012/13 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) Update

5. **The 2012/13 Code Update** can be found at:

   www.cipfa.org/codeupdate

6. The 2012/13 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) Update is the second mid-year update to the Code. Like the 2012/13 Code, this Update (the 2012/13 Code Update) applies for accounting periods commencing on or after 1 April 2012.

7. The Update to the 2012/13 Code must be read in conjunction with the 2012/13 Code published by CIPFA in February 2012. The tracked changes to appropriate extracts of the 2012/13 Code include both new and amended paragraphs to form the 2012/13 Code Update.

2012/13 Service Reporting Code of Practice (SeRCOP) Update

8. The 2012/13 Service Reporting Code of Practice for Local Authorities Update is the first mid-year update to SeRCOP. Like the 2012/13 SeRCOP, this Update (the 2012/13 SeRCOP Update) applies for accounting periods commencing on or after 1 April 2012.

9. The 2012/13 SeRCOP Update must be read in conjunction with the 2012/13 SeRCOP published by CIPFA in December 2011. The tracked changes to appropriate extracts of the 2012/13 SeRCOP include both new and amended paragraphs to form the update.

10. **The 2012/13 SeRCOP Update** can be found at:

www.cipfa.org/Policy-and-Guidance/Technical-Panels-and-Boards/Local-Authority-Accounting-Panel/Update-to-the-201213-Service-Reporting-Code-of-Practice

SECTION A - ADDITIONAL GUIDANCE AND CLARIFICATION IN RESPONSE TO FAQS

11. The guidance, set out below, aims to clarify any areas of uncertainty in the 2012/13 Code that will affect the 2012/13 accounts. It also includes clarification of a small number issues relating to the 2012/13 Code Guidance Notes.

REVISED DISCLOSURE FORMAT FOR DEDICATED SCHOOLS GRANT (DSG) [England]

12. The disclosure format set out in Module 3 paragraphs I103-I110 in the 2012/13 Code Guidance Notes have been revised to meet the latest reporting requirements of the DfE for the Dedicated Schools Grant (DSG). The amended disclosures are provided in **Appendix A** to this bulletin.

13. The revised provisions (including the disclosure format) for DSG (in Appendix A) supersede those set out in Module 3 paragraphs I103-I110 in the 2012/13 Code Guidance Notes.

MISSING FLOW CHART IN MODULE 4 PARAGRAPH L19 OF THE CODE GUIDANCE NOTES- IMPAIRMENT ASSESSMENT

14. The flow chart referred to in Module 4, paragraph L19 in the 2012/13 Code Guidance Notes, which illustrates the features that an impairment assessment might have, has been omitted in error.

15. The flow chart is now included in **Appendix B** to this bulletin.

MODULE 3: EXAMPLE FINANCIAL STATEMENTS NOTE 41 CAPITAL EXPENDITURE AND CAPITAL FINANCING - MINOR CLARIFICATION

16. Note 41 in the example financial statements (in Module 3, Page 385) provides an example disclosure to meet the Code's requirements for paragraph 4.1.4.3. 5) ie

> "*summary of capital expenditure during the reporting period, including assets acquired under finance leases, analysed for each category of fixed assets, together with the sources of finance and capital financing requirement*".

17. The note sets out that the items of capital investment (expenditure) should match to the additions lines in the notes detailing movements on the non-current asset balances. However, the *Capital Investment* heading includes Revenue Expenditure Funded from Capital under Statute, which is charged to the Surplus or Deficit on the Provision of Services. Therefore, the asterisk* should not be included at capital investment but against the classes of Property, Plant and Equipment; Investment Properties and Intangible Assets.

18. An amended version of Note 41 is presented at **Appendix C**.

USE OF EXAMPLE FINANCIAL STATEMENTS FOR PREPARATION OF THE 2012/13 ACCOUNTS

19. The Example Financial Statements included in the appendix to Module 3 in the 2012/13 Code Guidance Notes are provided to illustrate the requirements of the 2012/13 Code. These examples satisfy the minimum reporting and disclosure requirements, assuming all transactions are material. Authorities should tailor these to meet their own reporting needs in order to give a true and fair view of their own financial position and performance.

20. The Code sets out the disclosure and reporting requirements of local authorities under IFRS. Authorities are reminded that the Code paragraph 3.4.2.25[1] states that authorities need not provide a specific disclosure required by the Code if the information is not material. Early dialogue with external auditors on any disclosures considered not material may help the closedown process run more smoothly.

21. Chapter 2 of the Code and Module 2 of the Code Guidance Notes provide further guidance in relation to the Qualitative Characteristics of useful financial information in Financial Statements including materiality consideration of this guidance may assist authorities in their approach to ensuring that the relevant material transactions are included in the authority's financial statements.

SECTION B - OTHER ISSUES AFFECTING THE 2012/13 CLOSURE OF ACCOUNTS

ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED:

22. Paragraph 3.3.2.13 of the 2012/13 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 (and IAS 8) requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. The standards that paragraph 3.3.4.3 of the Code are likely to apply to are:

- **IAS 19 *Employee Benefits* (June 2011 Amendments)**
- **IAS 1 *Presentation of Financial Statements–Other Comprehensive Income* (June 2011 Amendments)** (As this standard only addresses presentation issues, no disclosure of the impact of the change is required)
- **IFRS 7 *Financial Instruments Disclosures*–Offsetting Financial Assets and Liabilities (December 2011 Amendments)**
- **IAS 12 Deferred Tax: Recovery of Underlying Assets (December 2010 Amendments)**

23. Authorities should refer to Appendix C in the 2013/14 Code in relation to their own disclosures regarding the amendments to the above mentioned standards.

IAS 19 *Employee Benefits* and IFRS 13 *Fair Value Measurement* - Additional comments

24. In order to make the disclosures in the 2012/13 accounts required by paragraph 3.3.4.3 of the Code regarding **IAS 19 *Employee Benefits***, authorities may need to discuss with their actuaries or advisors what information is available to provide a reasonable estimate of the likely impact of the revised standard.

[1] See also Paragraphs 2.1.2.9 and 3.3.2.9 of the Code.

25. Authorities will be aware that the adoption of IFRS 13 *Fair Value Measurement* was considered in the consultation on the 2013/14 Code. However, the CIPFA/LASAAC Code Board is reviewing the adoption of this standard in the Code and has decided to defer its adoption to the 2014/15 Code. This standard will therefore not need to be reported under the requirements of paragraph 3.3.4.3 of the Code. CIPFA will keep Practitioners advised of any progress in this area.

ACCOUNTING FOR CARBON REDUCTION COMMITMENT (CRC) ENERGY EFFICIENCY SCHEME ASSETS- ACCOUNTING TREATMENT FOR CRC ALLOWANCES HELD

26. The 2012/13 Code Guidance Notes informed practitioners that "The CIPFA/LASAAC Local Authority Code Board is consulting on the accounting treatment to be applied in 2012/13 and later years in relation to the asset for allowances held and will include its conclusions in the 2012/13 Code Update" (see paragraph J12 of Module 2).

27. Following their consultation, CIPFA/LASAAC has now confirmed the accounting treatment for CRC scheme assets. This is set out in the 2012/13 Code Update which clarifies that where authorities have purchased CRC allowances prospectively, giving rise to an asset for allowances held, such CRC Scheme assets will be classified as either current intangible assets in accordance with section 4.5 of the Code, or, in the unlikely event that allowances are held for the purpose of trading, as a current item of inventory.

28. The accounting requirements for CRC scheme assets held, as set out in the 2012/13 Code Update, should be read in conjunction with Section J of Module 2 in the 2012/13 Code Guidance Notes.

HOUSING REVENUE ACCOUNT STATUTORY DISCLOSURE REQUIREMENTS [England only]

29. At the time of writing this Bulletin, no update to the Housing Revenue Account (Accounting Practices) Directions 2011 had been issued. If such an update is issued, authorities should follow the requirements of the direction rather than those set out as the statutory requirements in paragraph 3.5.5.1(6) of the Code. Any update is likely to remove the requirement to provide a breakdown of the HRA Subsidy following the introduction of the HRA self financing scheme.

NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD FOR NON DOMESTIC RATES- APPEALS OUTSTANDING AT 31 MARCH 2013 **[England only]**

30. When the new arrangements for the retention of business rates come into effect on 1 April 2013, local authorities will assume the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list.

31. This will include amounts that were paid over (to Central Government) in respect of 2012/13 and prior years. Previously, such amounts would not have been recognised as income by the authorities, but would have been transferred to DCLG.

32. When authorities assume these liabilities on 1 April 2013, a provision will need to be recognised. LAAP recommends that, despite the fact that these amounts relate to 2012/13 and earlier years:

- authorities should only recognise [their respective share of] these liabilities **on 1 April 2013**, as until then no liability rests with the authority;

- the 2012/13 financial statements should report [the authority's respective share of] the liability as a non-adjusting post balance sheet event (if material).

33. Billing authorities will be required to inform precepting authorities of their share of the liabilities in order that they may also make the required disclosure.

NON-DOMESTIC RATE INCOME [BRIS / TIF] – INCOME AS PRINCIPAL [SCOTLAND ONLY]

34. Where an authority determines that, in respect of an element of 2012/13 Non-Domestic Rate income, it is acting as principal rather than as an agent, it should ensure that this income can be separately identified. LASAAC is expected to issue guidance on the presentation of 'principal' NDR income in the near future

TEACHERS' HOLIDAY PAY ACCRUALS [SCOTLAND ONLY]

35. The SNCT terms and conditions for teachers' pay changed during 2011/12. Of the previous 66 days of annual leave entitlement, 26 are now 'school closure' days, which are regarded as 'non-accumulating' absence days. This resulted in a significant change in the year end accrual for short-term accumulating compensated absences for some Scottish councils. However, there was also an unexpected impact on the teachers' annual pay costs charged to the Comprehensive Income and Expenditure Statement. The impact was significant for some councils, but less for others. Authorities should consider whether there are any implications for the 2013/14 accounts arising out of these changes.

JOINT WORKING (POOLED BUDGETS ETC) WITH NHS [SCOTLAND ONLY]

36. The "Community Care (Joint Working etc.) (Scotland) Amendment Regulations 2012" (SSI 2012/65 http://www.legislation.gov.uk/ssi/2012/65/made/data.pdf) have amended the original joint working regulations (SSI 2002/533, http://www.legislation.gov.uk/ssi/2002/533/made/data.pdf)

37. In relation to the 2012/13 financial statements:

- The amendments remove the statutory disclosure requirements included in paragraph 3.4.5.1 4) of the Code.
- The amendments insert a requirement that 'non-fund' payments under an agreement are treated as expenditure

WELFARE REFORM SET UP FUNDING & EXPENDITURE [SCOTLAND ONLY]

38. Councils in Scotland have been provided with additional funding in 2012/13 to support set up costs for Community Care Grants and Crisis Grants. Where the funding is provided as part of General Revenue Grant it should be shown as a general grant in the CIES rather than as a specific grant.

39. SeRCOP 2012/13 does not specify where any related expenditure should be recorded. On the basis that the set up costs are not anticipated to be material, and that the bulk of the work will relate to Community Care Grants in 13/14, it is suggested that the expenditure for 2012/13 may be appropriately reflected in Social Work. The materiality of the expenditure may influence the extent of allocation or apportionment to appropriate divisions of service.

NOTIFICATION OF OTHER BULLETINS REQUIRED FOR THE PREPARATION OF THE 2012/13 ACCOUNTS

POLICE LAAP BULLETIN 95: *Accounting for the Impact of Police Reform - the Accounting Arrangements for the Transfer of Functions to the Police and Crime Commissioner (England and Wales)*

40. The Police Reform and Social Responsibility Act 2011 made provisions for the abolition of Police Authorities and the establishment of two new bodies, the Police and Crime Commissioner and the Chief Constable. These provisions came into effect during the 2012/13 year.

41. The accounting arrangements for the transfer of functions to the Police and Crime Commissioner (England and Wales) in 2012/13 are set out in LAAP Bulletin 95, which was published in December 2012 and which is available at:

    http://www.cipfa.org/Policy-and-Guidance/Technical-Panels-and-Boards/Police-Panel/LAAP-Bulletin-95-Accounting-for-the-Impact-of-Police-Reform

IMPACT OF 2013/14 LOCAL AUTHORITY REFORMS ON THE 2012/13 FINANCIAL STATEMENTS

42. Authorities will need to consider whether the reforms set out in section C will give rise to consequential reporting issues for any of the material reporting requirements in the 2012/13 financial statements. Examples include the Explanatory Foreword or Events after the Reporting Period (these examples are not intended to be exhaustive).

POLICE & FIRE REFORM [SCOTLAND ONLY]

43. Police and fire functions are transferring to the two new Bodies established under *Police and Fire Reform (Scotland) Act 2012 ie the Scottish Police Authority and the Scottish Fire and Rescue Service*.

44. Audit Scotland has issued Notes for Guidance 2013-1 (Local Authorities) (see:http://www.audit-scotland.gov.uk/about/docs/nfg_2013-1_la_financial_statements.pdf.

45. Paragraphs 501 to 505 of the Audit Scotland Guidance refer the impact on police and fire reform presentation and other reporting requirements for 2012/13. The relevant section/references for of the 2012/13 Code include: paragraphs 2.1.2.4; 3.4.2.22; 3.8.1.3 and 3.8.2.8. Where transfers of local authority functions take place the reporting requirements of the Code are included in Section 2.5 *Local Government Reorganisations and other Combinations* (associated guidance is available in Module 2 Section E of the Code Guidance Notes).

SECTION C – LOOKING FORWARD TO 2013/14

INTRODUCTION

46. This section provides a brief summary of the **key reforms** and **other accounting issues** that will face Local Government accounting in 2013/14 and which may require disclosure in the 2012/13 financial statements.

LOCAL GOVERNMENT REFORM AFFECTING LOCAL GOVERNMENT ACCOUNTING IN 2013/14:

- **NON-DOMESTIC RATES REFORM-**BUSINESS RATES RETENTION SCHEME **[England]**
- **PUBLIC HEALTH REFORM – [England]**

47. A brief overview of these reforms is presented below.

NON-DOMESTIC RATES REFORM-BUSINESS RATES RETENTION SCHEME **[England]**

48. The Local Government Finance Act 2012 introduces a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. It also enables local authorities to implement tax increment financing, giving them the ability to undertake borrowing against future business rates growth, supported by the forecast tax increment that accrues from additional development.

49. The new arrangements for the retention of business rates will come into effect on 1 April 2013.

50. Paragraphs 30 – 33 of this Bulletin explain the situation relating to rating appeals in respect of 2012/13 and earlier financial years. As indicated in an alert provided by CIPFA in January (via TIS Online and via the CIPFA Networks), the DCLG has announced that the cost of this provision may be spread over the five financial years commencing 2013/14.

PUBLIC HEALTH REFORM – [England Only]

51. From April 2013, local authorities will be provided with a ring-fenced public health grant to discharge the new public health responsibilities being transferred to them from primary care trusts.

52. Accounting for the transfer will depend on local circumstances and arrangements. Authorities will need to consider whether the transfers from health bodies for the new responsibilities should be accounted for under Section 2.5 of the Code Local Government Reorganisation and Other Combinations guidance is available in Module 2, Section E of the 2012/13 Code Guidance Notes.

53. A new Service Expenditure Analysis (SEA) for Public Health has been added to section 3 of the Service Reporting Code of Practice (S*e*RCOP) and explains how expenditure on those responsibilities, funded by a grant from the Department of Health, and any additional expenditure on those responsibilities, should be recorded. The proposed mandatory lines are set out in section 3 of the 2013/14 SeRCOP.

OTHER ACCOUNTING ISSUES AFFECTING LOCAL GOVERNMENT ACCOUNTING IN 2013/14

SERVICE REPORTING CODE OF PRACTICE (S*e*RCOP) 2013/14 – CENTRAL SERVICES SEA-REMOVAL OF PART 5-OTHER OPERATING INCOME AND EXPENDITURE **[ENGLAND AND WALES]**

54. Further to the consultation on the 2013/14 Service Reporting Code of Practice, it was agreed that Part 5 of the Central Services SEA-Other Operating Income and Expenditure would be removed on the basis that comprehensive guidance in relation

to such items of income and expenditure is provided in the *Code of Practice on Local Authority Accounting in the United Kingdom-Guidance Notes for Practitioners.*

55. However, due to a printing error, Part 5 of Central Services is still included on pages 121 & 122. Practitioners are advised to disregard Part 5 of the Central Services SEA in the 2013/14 S*e*RCOP and instead refer to the detailed guidance set out in Module 3, section F of the 2012/13 Code Guidance, which provides detailed guidance in this area.

APPENDIX A

Revised Disclosures for Dedicated Schools Grant (DSG)

These revised disclosures for DSG supersede those set out in 'Module 3 paragraphs I103-I110 in the 2012/13 Code Guidance Notes.

Dedicated Schools Grant (England) (3)

I103 The requirement is for a disclosure that demonstrates whether the Dedicated Schools Grant (made under section 14 of the Education Act 2002) has been deployed in accordance with regulations made under sections 45A, 45AA, 47, 48(1) and (2) and 138(7) of, and paragraph 1(7)(b) of Schedule 14 to, the School Standards Framework Act 1998.

I104 School funding for local authorities in England is provided by a ringfenced grant called the Dedicated Schools Grant (DSG), rather than as part of the Revenue Support Grant settlement. The Accounts and Audit (England) Regulations 2011 require a note to the accounts that confirms that DSG has been deployed in accordance with the statutory provisions quoted in the Code.

I105 The terms on which DSG is payable are set out in Guidance for Local Authorities on the Operation of the Grant 2012/13 issued by the Department for Education in April 2012. The School Finance (England) Regulations 2012, which require authorities to set the Schools Budget, determine the amount of the Schools Budget to be applied to central expenditure and divide the Individual Schools Budget between schools, are complicated. However, it is relatively straightforward to meet the accounting requirements for the grant in a way that will be sufficient to:

- allow further exploration of the authority's performance of its statutory duties by interested users of the accounts
- provide base material for external audit work on the deployment of the grant in accordance with the regulations.

I106 The conditions of grant set by the DfE provide that:

- DSG can only be used to support the Schools Budget.
- In allocating the Schools Budget, there is a statutory maximum limit for the allocation made to central expenditure (subject to proper authorisation of a higher figure from the schools forum or the Secretary of State).
- For DSG purposes, grant allocated to the Individual Schools Budget (ISB) is taken to have been spent as soon as it is deployed – ie passed to schools' budget shares. There is no requirement to track DSG through the ISB to its use by individual schools, and changes in balances held by schools are not to be recorded in this note.
- The first 8 DSG payments (in 2012/13) were based on the final 2011/12 DSG allocations. Following the finalisation of pupil numbers (from the January 2012 count) on 26 June, the subsequent instalments from instalment 9 were based on the final DSG allocations for 2012/13 minus the amounts recouped for academies. The operational guidance on the DSG states that *"The first of these following instalments will be adjusted to take account of the amount previously paid and the amounts recouped for Academies. Further instalments will be adjusted to take account of newly converted academies"*.
- These adjustments may be reflected in changes to the Schools Budget during the year (note the guidance on the grant sets out that this may include cover for previous deficits). However, while the general principle of DSG is that it must be deployed to the Schools Budget for the year to which it relates, where

the final DSG payment for the year exceeds the authority's original budget, the authority (after consulting the schools forum) may carry the additional grant forward to the next year.

- If an authority's actual spend on central expenditure or the ISB is greater than its central expenditure or ISB budgets, ie there is an the overspend, the authority can decide:

  - to fund all the overspend from its general resources in the year in question
  - to fund part of the overspend from its general resources in the year in question and to carry forward part to the Schools Budget in the next or subsequent year
  - not to fund any of the overspend from its general resources in the year in question and to carry forward all the overspend to the Schools Budget in the next or subsequent year.

- Where an authority takes the decision to carry all or some of the overspend forward, this becomes a first call on the next year's Schools Budget. Where such a carry-forward puts the authority in breach of its Central Expenditure Limit, the authority will need to seek approval from its schools forum to increase the limit. The schools forum will also need to approve the funding from the 2012/13 schools budget for any overspend on central expenditure brought forward from 2011/12.
- If an authority's actual spend on central expenditure is less than its central expenditure budget, the underspend must be carried forward to support the Schools Budget in future years.

I107 The demonstration that an authority needs to provide is therefore that:

- the Schools Budget (net of income from the Education Funding Agency) is equal to or greater than DSG payable for the year (taking into account any grant (surplus or deficit) brought forward from the previous year)
- the central expenditure element of the Schools Budget did not exceed the statutory maximum (or any higher amount properly approved by the schools forum or the Secretary of State)
- an appropriate treatment has been applied to differences between forecast and finalised grant entitlements (in line with the fourth and fifth bullet points in paragraph I95)
- over- and underspends on central expenditure and in the deployment of the ISB have been accounted for appropriately.

I108 The DfE require chief financial officers to sign a separate return to the Department containing a written assurance confirming the deployment of DSG. For the figures, the DfE relies on the published note to the authority's accounts setting out the deployment of DSG. In order for this note to provide the requisite level of assurance on a consistent basis, the format of the note has been standardised at the request of the DfE, and is set out below, along with explanatory material to assist in the completion of the note.

I109 The following illustrative note to the accounts provides information that will meet the Accounts and Audit (England) Regulations 2011 requirements on the application of DSG and the assurance required by the DfE. The illustration only covers expenditure in relation to the grant, rather than being a comprehensive statement of expenditure against the Schools Budget for the year. The table shows the allocation that the authority made of the grant and the expenditure incurred in the year that was eligible for DSG funding. Practitioners may find that their own local circumstances differ from those in the illustration and additional lines (with explanation) or explanatory notes might be necessary to explain fully the authority's position:

ILLUSTRATION: DISCLOSURE OF DEPLOYMENT OF DEDICATED SCHOOLS GRANT

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

Details of the deployment of DSG receivable for 20XX/YY are as follows (example shown for 2012/13):

		Central Expenditure	ISB[2]	Total
A	Final DSG for 2012/ 13 before Academy recoupment			1
B	Academy figure recouped for 2012/ 13			2
C	Total DSG after Academy recoupment for 2012/ 13			3 (= 1-2)
D	Brought forward from 2011/ 12			4
E	Carry-forward to 2013/ 14 agreed in advance			5
F	Agreed initial budgeted distribution in 2012/ 13	6	7	8 (= 3+ or - 4 and/or + or - 5)
G	In year adjustments	9	10	11 (=9+10)
H	Final budgeted distribution for 2012/ 13	12 (= 6 + or -9)	13 (= 7+ or -10)	14 (= 8+ or - 11)
I	Less Actual central expenditure	15		

[2] Individual Schools Budget

J	Less Actual ISB deployed to schools		16	
K	Plus Local authority contribution for 2012/ 13	17	18	19 (=17 + 18)
L	Carry-forward to 2013/ 14	20 (=12-15+17)	21 (=13-16 +18)	22 (= 20+21+ or -5)

A: DSG figure as announced by the Department in June 2012.

B: Figure recouped from the authority in 2012/13 by the DfE for the conversion of maintained schools into Academies.

C: Total figure after DfE Academy recoupment for 2012/13.

D:Figure brought forward from 2011/12 as agreed with the Department. Details of this exercise were contained in the Financial Monitoring Team's email of 18 May 2012.

E: Any amount which the authority decided after consultation with the schools forum to carry forward to 2013/14 rather than distribute in 2012/13 – this will be the difference between estimated and final DSG for 2012/13, or a figure (positive or negative) brought forward from 2011/12 which the authority is carrying forward again.

F: Budgeted distribution of DSG, adjusted for carry-forward, as agreed with the schools forum. If the budgeted central expenditure exceeded the statutory limit, and this was agreed by the Secretary of State rather than the schools forum, a footnote should be added to that effect.

G: Changes to the initial distribution. For example, adjustments for exclusions or contingency allocations.

H: Budgeted distribution of DSG as at the end of the financial year.

I: Actual amount of central expenditure items in 2012/13 – amounts not actually spent, eg money that is moved into earmarked reserves, should be included in item J18 (in the above illustration) as carried forward.

J: Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the authority once it is deployed to schools' budget shares).

K: Any contribution from the local authority in 2012/13 which will have the effect of substituting for DSG in funding the Schools Budget. Do not include any change in balances held by schools **as they are not to be recorded in this note**.

L: Carry-forward to 2013/14, ie:

For central expenditure, difference between final budgeted distribution of DSG (item F10) and actual expenditure (item G13), plus any local authority contribution (item I15).

For ISB, difference between final budgeted distribution (item F11) and amount actually deployed to schools (item H14), plus any local authority contribution (item I16).

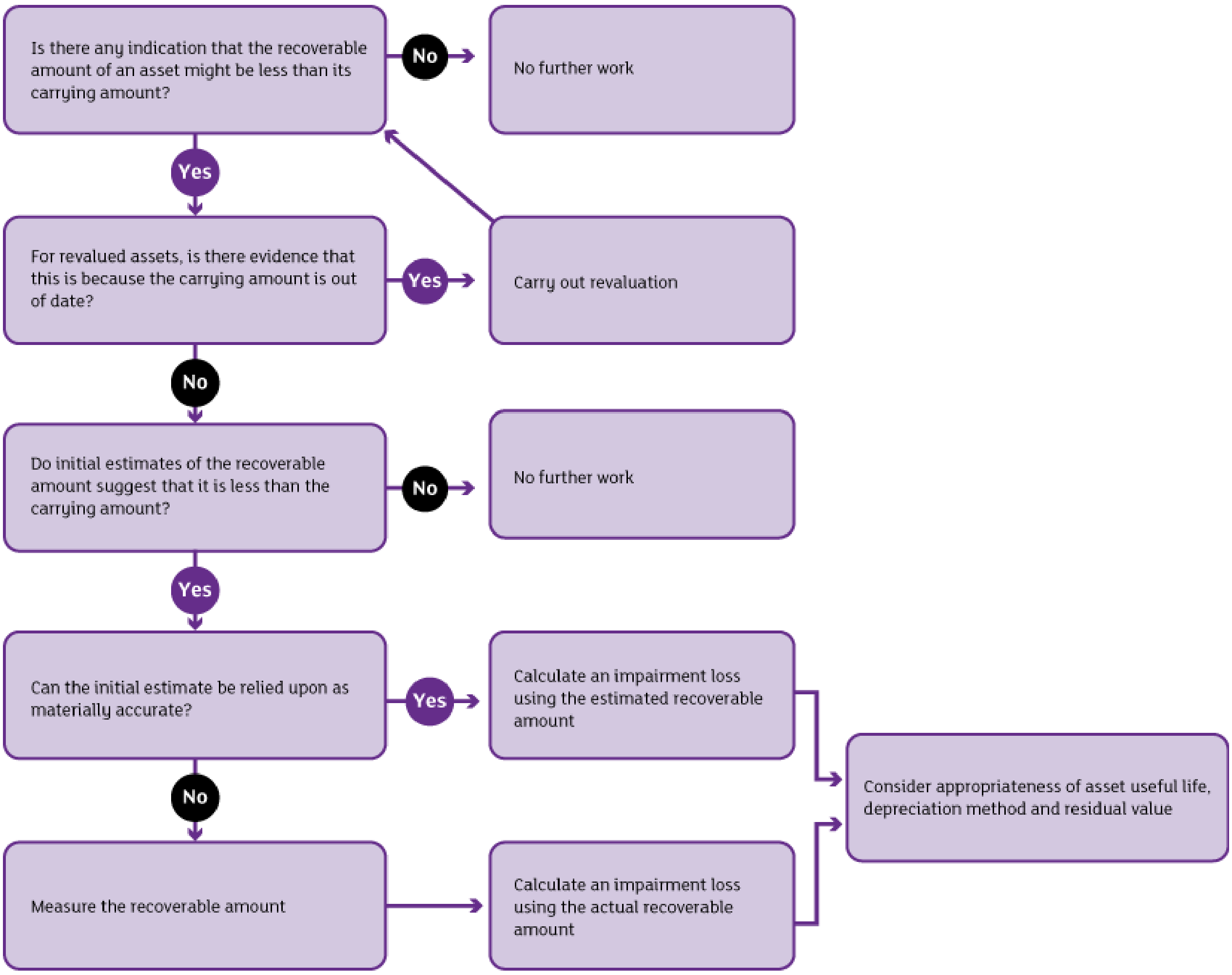
Total is carry-forward on central expenditure (item J18) plus carry-forward on ISB (item J19) plus/minus any carry-forward to 2013/14 already agreed (item C3).

I110 As DSG is paid specifically to finance the Schools Budget, it is appropriate to credit the grant receivable for the year to the Children's and Education Services line in the Comprehensive Income and Expenditure Statement.

APPENDIX B

MISSING FLOW CHART IN MODULE 4 PARAGRAPH L19 OF THE CODE GUIDANCE NOTES- IMPAIRMENT ASSESSMENT

L19 Taking all these considerations together, an impairment assessment might have the following features:



APPENDIX C

AMENDED NOTE 41 - IN MODULE 3 PAGE 385 OF THE CODE GUIDANCE NOTES

	20X1/X2 £000	20X0/X1 £000
Opening Capital Financing Requirement	x	x
Capital investment		
Property, Plant and Equipment*	x	x
Investment Properties*	x	x
Intangible Assets*	x	x
Revenue Expenditure Funded from Capital under Statute[3]	x	x
Sources of finance		
Capital receipts	x	x
Government grants and other contributions	x	x
Sums set aside from revenue:		
Direct revenue contributions	x	x
[MRP/loans fund principal]	x	x
Closing Capital Financing Requirement	x	x
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	x	x
Increase in underlying need to borrowing (unsupported by government financial assistance)	x	x

[3] Required by paragraph 4.6.4.3 of the Code

Assets acquired under finance leases	x	x
Assets acquired under PFI/PPP contracts	x	x
Increase/(decrease) in Capital Financing Requirement	x	x

* These figures should match to the Additions lines in the notes detailing movements on the non-current asset. The list is not exhaustive and may include eg Heritage Assets. Authorities may consider further analysing the amounts disclosed in this note between General Fund and HRA.