STATEMENT OF ACCOUNTS

2015 / 2016

Stafford
BOROUGH COUNCIL

CONTENTS

Narrative Report

The Statement of Accounts for the year ended 31 March 2016 has been prepared in accordance with the requirements of the Accounts and Audit Regulations 2015. The format reflects the requirements of the Code of Practice in Local Authority Accounting in the United Kingdom 2015/16 and the Service Accounting Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by the International Financial Reporting Standards (IFRS). The Statement of Accounts therefore aims to provide information so that members of the public, including electors and residents of Stafford Borough, Council Members, partners, stakeholders and other interested parties can for the 2015/16 financial year:

- See the performance of the Council including progress against its strategic objectives;
- Understand the overarching financial position of the Council;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Have sight of the progress made in monitoring the key risks faced by the Council.

This **Narrative Report** is structured as follows:

- An Overview of Stafford Borough;
- An Introduction to Stafford Borough Council;
- Summary of the performance of Stafford Borough Council in 2015/16;
- Summary of the financial performance of Stafford Borough Council in 2015/16;
- Future Issues facing the council;
- Explanation of the Financial Statements.

1. An Overview of Stafford Borough

Stafford Borough is one of eight District and Borough Council's that make up a County in the West Midlands. The Borough is a County town and the largest district geographically stretching across 59,187 hectares equating to approximately 230 miles. Predominately rural, its economic scale score of 84.71 ranks it as medium size by British standards. It has a population of 131,000, 94.7% are classified as white and the population is expected to steadily grow by 2033 (Source: 2010 Mid-Year Population Estimates, ONS). The Borough encompasses two main Prisons, one male and one female, a main university and large Ministry of Defence site.

There are two main town centres located within this Borough that act as the hubs delivering services to large rural hinterlands, and are important economic centres in their own right. Although relatively affluent, the Borough does experience pockets of deprivation where there are large stocks of social housing, high numbers of people who are out of work and claiming benefits. The rate of Jobseekers Allowance claimants per 1,000 residents is above the Staffordshire rate, and 25% of residents have qualifications equivalent to NVQ Level 4. The percentages of people living in fuel poverty, older people living alone, and people living with long term limiting illnesses in the district are also statistically greater than England.

The 2012 population within the Borough was over 131, 000. Of that figure 22,171 are aged between 0-15 years; 82,904 are working age (16-64 years) and 26,555 are 65+. The population is ageing, life expectancy has increased for both male and females and this is projected to continue to rise over the next few years. The past ten years has seen a demographic shift within the Borough with life expectancy increasing for both males and females. This indicates that although people are generally living longer, healthier lives this will impact on the types of services that are needed in the Borough in the future to support them. Stafford Borough is becoming more ethnically diverse with 7% of the population classified as Black/Minority/Ethnic (BME). This is the second highest BME population in Staffordshire. During the summer months the Borough receives a high influx of migrant workers who travel over to work on farms for fruit picking.

There are a total of 24 wards within the Borough and within that 79 LLSOA's (Lower Layer Super Output Area). Although the Borough is relatively affluent there are currently five ward areas that are classified as being the most in need as they suffer from a range of multiple issues such as high levels of unemployment; high crime rates; low income and low educational attainment. These areas contain nine LLSOA's of which four are classified as being within 10% – 20% nationally deprived and five that are classified as being within 20% - 30% nationally deprived, as per the Indices of Multiple Deprivation (2010). Living in these areas are people that are affected by a number of issues including low income, unemployment, poor housing and crime.

2. An introduction to the Council

Stafford Borough Council was formed on 1st April 1974, under the Local Government Act 1972, as a merger of the municipal borough of Stafford, Stone urban district, Stafford Rural District and Stone Rural District. The Council has 23 wards, with 40 elected Members. The political composition of seats (after the election in May 2015) is as follows:

Party Name	Seats Won
Conservative	29
Labour	9
Independent	2

The policies of the Council are directed by the Political Leadership and implemented by the Leadership Team (comprising a Chief Executive and nine Heads of Service, four of which are a shared service with Cannock District Council), supported by officers. The Council employs approximately 350 people.

Stafford Borough Council provides services to a population in excess of 131,000 people which range from:

- Keeping our environments clean and protected through waste collection, recycling and keeping streets free of litter, including removal of abandoned vehicles and fly tipped waste and carrying out conservation and wildlife management at protected sites
- Working in partnership to keep the Borough safe, free from crime and anti-social behaviour, inspecting food and drink premises to make sure they are safe and hygienic and monitoring CCTV
- Encouraging economic development through investments made in the retail offer, new car parks and maintaining existing car parks
- Looking after the health of our residents through the provision of leisure centres/services and by providing and maintaining our green open spaces
- Supporting arts and culture, events and festivals, and promoting tourism
- Providing support to our most vulnerable residents who are experiencing issues of social deprivation such as homelessness, mental health and rural isolation
- Collecting council tax and business rates and helping people access financial support through housing benefit and council tax discounts
- Supporting residents to improve the homes and areas they live in by dealing efficiently with planning applications and providing building control
- Compiling and maintaining the electoral register and administering elections

These services are supported by a number of internal services such as communications; customer services; human resources; IT, finance and legal services. The Council operates within a 'two-tier' local government structure so services such as education, social care, children's services, highways, libraries and trading standards are delivered by Staffordshire County Council. There are also 32 parish councils across the District which also deliver services to the community.

3. The Council's Performance

The Council's Corporate Plan 2012 – 2015 has been the strategic driver for the organisation which comprised of the following priority areas:

Prosperity
By prosperity we mean we want a flourishing, thriving, successful Borough where we encourage and nurture economic growth and diversification.

How?
- Enabling future population growth through housing, employment and town centre development
- Supporting new and existing businesses
- Promoting environmental quality as an economic asset

Clean, Green, Safe
We want to create an attractive environment in which our community feels safe.

How?
- Continuing our focus on waste minimisation
- Reducing our carbon footprint
- Working in partnership with the police and other agencies ensure our residents feel safer and more secure at all hours of the day
- Having a vibrant night time economy

Health and Wellbeing
We want our residents to be healthy and happy and have an improved sense of wellbeing.

How?
- Protecting vulnerable households
- Encouraging our residents to have an active healthy lifestyle
- Encouraging our residents to participate in more cultural events
- Assisting in a diverse housing provision that reflects local needs and future growth
- Assisting residents to obtain the benefits they are entitled to.

Leading and Delivering for our Communities
We want to be a high performing Council that champions the needs and aspirations of its communities.

How?
- Maximising our income by continuing to look at shared service provision across the County and to rationalise accommodation requirements
- Improving our customer service
- Ensuring our services are efficient and value for money

How well did we do?

Prosperity **By prosperity we mean we want a flourishing, thriving, successful Borough where we encourage and nurture economic growth and diversification.**	
Enable future population growth through housing, employment and town centre development	Exceeded our targets for processing other planning application with 8 weeks (87%) and occupancy rates for shop premises in Stone (96%)
Support new and existing businesses	Exceeded our targets for the number of businesses receiving advice and support (425) Carried out 213 food inspections in one quarter Maintained membership of Destination Management Partnership and Visit Stafford
Promoting environmental quality as an economic asset	Exceeded our targets for the number of new dwellings built (741); number of conservation areas reviewed (10) and sites of biological importance resurveyed (9)

Clean, Green, Safe **We want to create an attractive environment in which our community feels safe.**	
Continuing our focus on waste minimisation	Exceeded our targets for: Kgs of residual Household waste collected per household (442) and number of missed bin collections (14)
Reducing our carbon footprint	Implemented 'We love Littleworth' focusing on energy related activities, new cycle provision, wildlife conservation and home energy audits.
Working in partnership with the police and other agencies ensure our residents feel safer and more secure at all hours of the day	Implemented a multi-agency preventative and early help support model in schools Issued 13 Community Protection Notice (CPN) warning letters and 4 full CPN's Supported 42 vulnerable adults with issues relating to homelessness, substance misuse and mental health
Have a vibrant night time economy	Reviewed the Licensing and Gambling Policies Conducted multi-agency operations for licensing activities in the Borough
Health and Wellbeing **We want our residents to be healthy and happy and have an improved sense of wellbeing.**	
Protect vulnerable households	Exceeded our targets for the number of households prevented from becoming homeless (570) and the number of households supported through targeted intervention (80)
Encouraging our residents to have an active healthy lifestyle	Supported 26 families through the Home start programme Registered 382 individuals in the Walking for Health initiative Received 764 participants in Nordic walking
Encouraging our residents to participate in more cultural events	Exceeded our targets for the number of cultural educational visits (4,183)
Assisting in a diverse housing provision that reflects local needs and future growth	Delivered 159 affordable homes and reused 60 dwellings that would have remained empty
Assisting residents to obtain the benefits they are entitled to.	Exceeded our targets for the number of days taken to process new housing benefit and council tax claims and customer satisfaction with the benefits service
Leading and Delivering for our Communities **We want to be a high performing Council that champions the needs and aspirations of its communities.**	
Maximising our income by continuing to look at shared service provision across the County and to rationalise accommodation requirements	Generated additional income through the leasing of space in the Civic Centre
Improve our customer service	Exceeded our targets for customer satisfaction with our contact centre (98%) remained below target for the number of abandoned calls (3.48%) and avoidable contact (0.75%)
Ensuring our services are efficient and value for money	Remained below target for short term sickness Commenced work on Victoria Park Heritage Lottery Fund Bid and a review of Leisure and Cultural Services.

4. Financial Performance in 2015/16

Overview of Portfolio Spending

The following pages provide a brief overview of the financial position of the Council for 2015/16, in terms of the Council's management accounting framework, rather than the statutory IFRS framework.

Revenue spending

The General Fund records all the day-to-day spending on Council services. The net cost of services contained within the General Fund are met from central government funds and from income derived from the Council Tax and Business Rates payers within the Borough.

The Government provides a major source of income in the form of general and specific grants. Band D Council Tax was £147.72 for the second year running.

The Council's net revenue budget for 2015/16 was £11.393 million. The actual spend was £0.238 million (-2.1%) less than budgeted. The following table sets out net revenue spending and financing compared with the budget for the year:

	Budget £'000	**Actual £'000**	**Variation £'000**
Portfolio Budgets	13,086	12,873	(213)
Investment income	(289)	(270)	19
Technical items	823	766	(57)
Use of Government Grants	(1,813)	(1,835)	(22)
Business Rates Pool	(414)	(379)	35
Net Revenue Budget	**11,393**	**11,155**	**(238)**
Financed by:			
Demand on Collection Fund	(6,469)	(6,469)	-
Revenue Support Grant	(2,066)	(2,066)	-
Business Rates Retention	(3,599)	(3,509)	90
Transfer to/(from) Working Balance	741	889	148
Total financing	**(11,393)**	**(11,155)**	**238**

The table above shows the budget anticipated net expenditure of £11.393 million, to be principally funded from Council Taxpayers (£6.469 million) and from Central Government funding (£5.665 million).

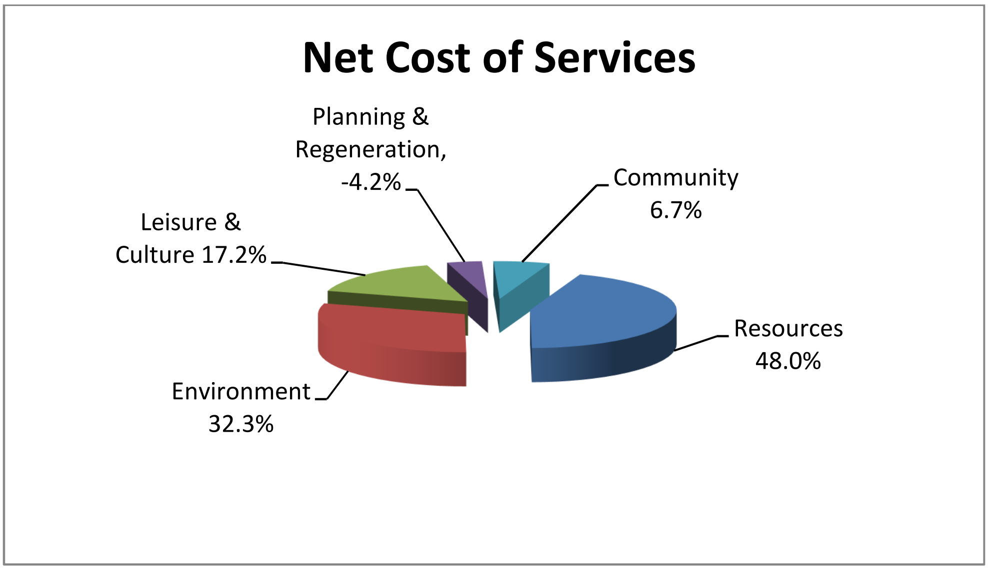
The actual position shows that net expenditure was £0.238 million less than budgeted. This was principally as a result of income being some £0.179 million higher than anticipated.

Technical items include Revenue Contributions to Capital Outlay (RCCO) recharges to the capital account for staff salaries and the Council's statutory annual provision from revenue to contribute towards the reduction in its overall borrowing requirement.

The Council received £3.888 million in the third year of operation of the Business Rates Retention scheme which is £0.125 million less than was anticipated when the revised budget was set in February 2016. The budget for 2015/16 included additional resources of around £1.035 million estimated Business Rates growth in the Borough. The Total Business Rates Rateable Value for the Borough is in line with the Original Budget with the actual outturn reflecting the outstanding volatility in appeals and the impact of write offs. In relation to appeals a refund was made in year following the settlement of the appeal for a major sewage plant with a 32% reduction as compared to a budgeted 9% and the outstanding provision for this category has been increased in accordance with the national trend. The provision for bad debts has also increased in 2015/16 resulting from an increase in companies being dissolved/ in liquidation.

The overall position resulted in the transfer of £0.889 million to the General Fund working balance.

The table below provides a simplified version of the Comprehensive Income and Expenditure Account which appears later in this booklet. The Comprehensive Income and Expenditure Account includes accounting items required under the Code of Practice but which do not affect the actual movement in the General Fund balance as shown in the above table and therefore presents the same financial information but includes further accounting entries to comply with the Code.



Financial performance against Budget in 2015/16

Portfolio expenditure was £0.213 million lower than the budget primarily as a result of income being some £0.179 million higher than anticipated. The principal cost variations on each portfolio are as follows ((+) is an unfavourable variance (-) is a favourable variance):

Community
- Homelessness & Housing advice – additional bed and breakfast costs £14,000

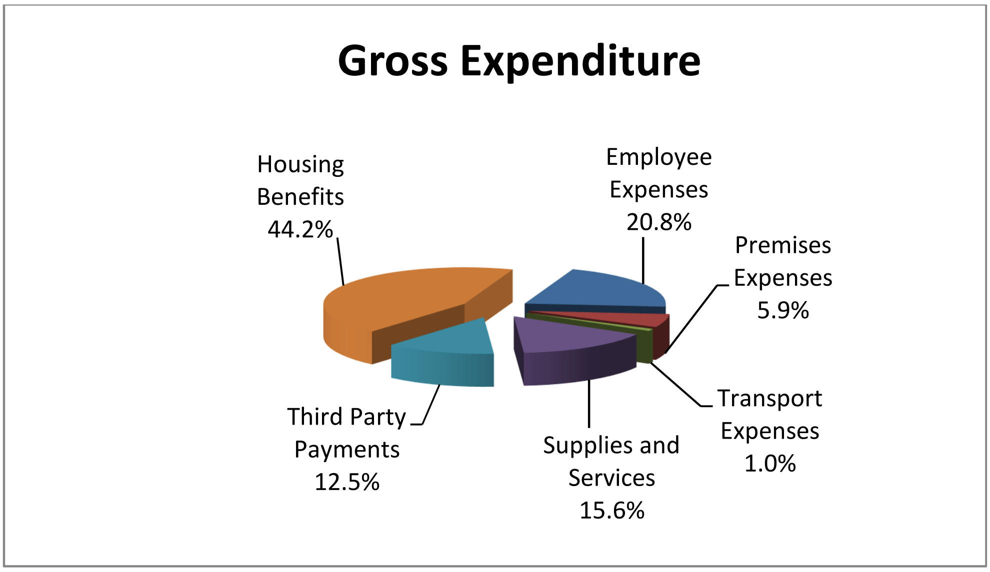
Environment
- Street Scene – fee income was better than expected by £70,000 (-)
- Regulatory Services- licensing income lower than expected £17,000
- Bereavement Services – income from fees and charges was worse than expected by £56,000
- Waste &Recycling – Recycling credits income £28,000 (-), offset by additional paper penalties £32,000

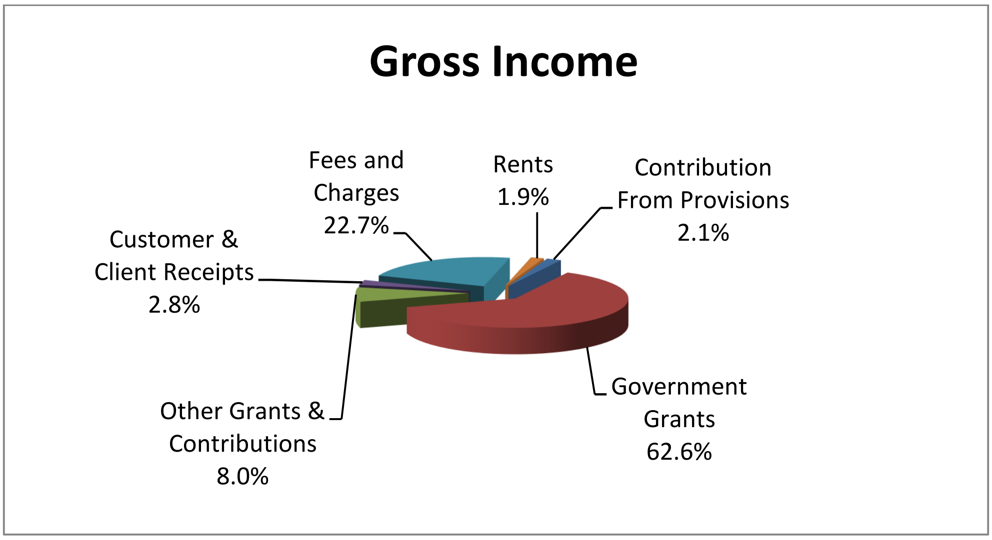
Leisure
- Indoor Leisure Centres – income from grants was higher than anticipated by £82,000 (-); but was partly offset by additional expenditure £23,000 and reduced income from fees and charges £43,000
- Gatehouse Theatre – additional net income and underspends £53,000 (-)

Planning and Regeneration
- Development control – additional planning fee income £100,000 (-) offset by transfer to equalisation reserve
- Parking – lower than anticipated income – delayed opening Multi Storey Car Park (MSCP) - offset by saving on running costs etc. Net underspend £17,000 (-)
- Land Charges Local Searches – additional search fee income £32,000 (-)
- Management & Support – staff vacancies £31,000 (-)

Resources

- Housing Benefit Payments – additional subsidy on Housing Benefit overpayments £74,000 (-)
- Staff Vacancies – various £47,000 (-)





Collection Fund

The overall amount of Council Tax required by the precepting authorities to be collected through the Council's Collection Fund was £63.822 million, with the Borough Council's element being £6.469 million and £0.693 million required by Parish Councils in the Borough.

The net position on the Collection Fund for the year was a surplus of £0.039 million for Council Tax, which after taking account of previous years' deficits, leaves a net surplus on the fund of £0.584 million at 31 March 2016 (of which £0.065 million relates to this Council).

The detailed Collection Fund accounts show the overall position for the year in relation not only to Council Tax but also to the collection of National Non Domestic Rates. 2015/16 was the third year of operation of the Business Rates Retention scheme. Business rates receipts were previously paid over in full to the government but are now shared between central government, the Council, Staffordshire County Council, Stoke-on-Trent and Staffordshire Fire Authority and the Stoke on Trent and Staffordshire Business Rates Pool.

A deficit of £4.907 million exists in relation to Business Rates as at 31 March 2016. The Council's share of this is £1.962 million however it should be noted that the deficit is only notional. Business Rate collection fund accounts are based on figures estimated in January of each year prior to the start of the relevant financial year. The Comprehensive Income and Expenditure account reflects the actual position as at 31 March 2016 and an earmarked reserve has been created that offsets the deficit set out in the Collection Fund Income and Expenditure account.

Reserves

The Council holds the following reserves:

- General Fund balance – the balance at 1 April 2015 was £2.001 million and this was increased during 2015/16 to £2.890 million at 31 March 2016. The Council's policy is to retain a minimum General Fund balance of £1 million to cover contingencies and emergencies.

- Earmarked Reserves – In addition to the General Fund balance the Council maintains earmarked reserves that are held for specific purposes. They are provided to meet future and known commitments, support the budget in the future and, in some cases, to spread expenditure over a number of years. At 1 April 2015, earmarked reserves stood at £10.716 million and increased to £11.384 million at 31 March 2016.The increase primarily relates to the increase in the value of the "notional" Business Rates Reserve of £0.687 million being the compensating adjustment for the notional deficit on the "collection fund".

Pensions

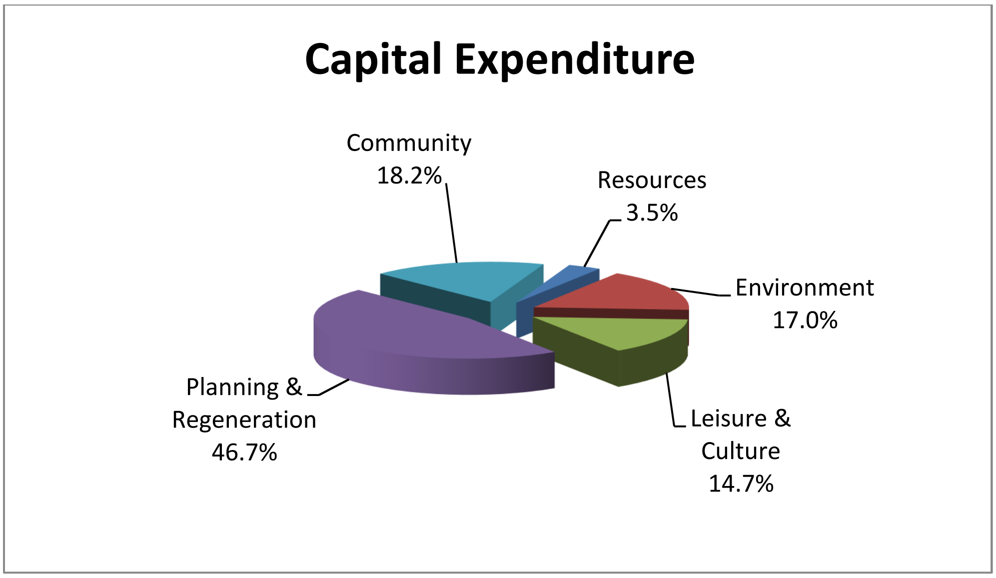
Councils are required to account for pension costs to show any deficit, or surplus, on the Pension Fund in the balance sheet. The fund is administered by Staffordshire County Council and the actuarial valuation at 31 March 2016 showed the Council's share of the fund to be a deficit of £45.208 million. The fund deficit has no impact on the level of Council Tax. The remaining deficit on the scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

Capital Expenditure

The Council approves the Capital Programme for the financial year as part of the budget process and the amount that can be spent is limited by the amount of capital resources available to the Council.

Many of the schemes within the Capital Programme take some time to develop and implement, the detailed programme can experience many changes. Considerable variation can therefore arise over the 18 month period from the time the Capital Programme for the financial year is initially considered, right through to the end of March of the relevant year.

The Council spent £3.494 million on capital projects in 2015/16 which was £1.336 million less than the budget of £4.830 million. The main reason for the difference in 2015/16 is scheme slippage where the scheme will proceed later than planned and the expenditure will occur in a future year.

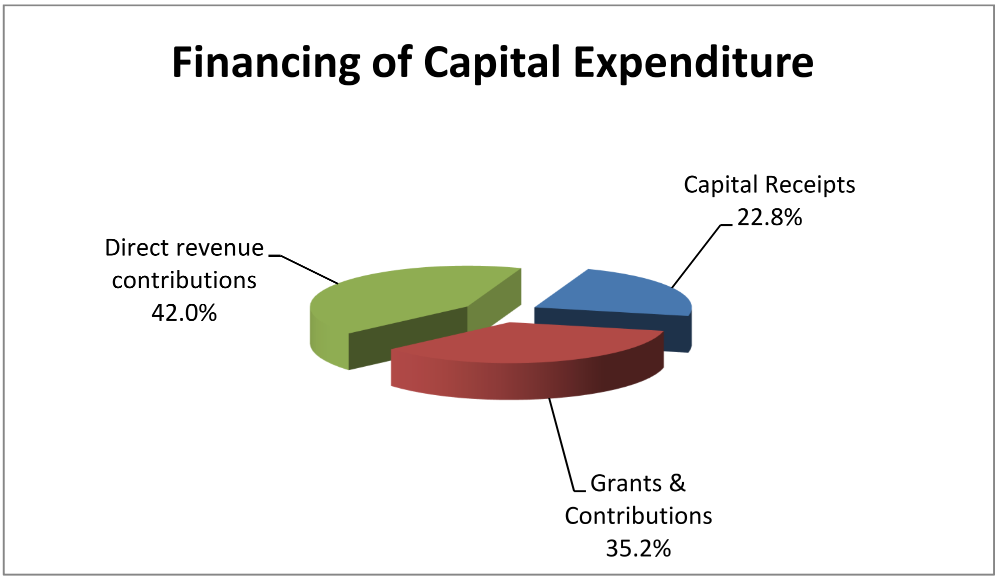


The major items of capital spend in the year were:

- **£750,000** contribution to the Multi Storey Car Park ;
- **£389,670** on the provision of grants for disabled adaptations in homes;
- **£397,280** on fitness equipment at Stafford Leisure Centre;
- **£401,720** on the purchase of replacement Streetscene vehicles;
- **£544,500** Growth Point contribution towards a new refuge to support victims of domestic violence (£214,500) and MSCP Riverside Development (£330,000):
- **£191,920** on the purchase of replacement wheeled bins.

The capital programme of **£3.494** million was financed in the following way:

	£'000
Capital receipts	798
Capital grants and contributions	1,229
Direct revenue contributions	1,467
Total	**3,494**



Treasury Management

Although the Council had initially identified an underlying borrowing need to finance the General Fund Capital Programme as part of the 2015/16 budget process, no new borrowings were undertaken to fund capital expenditure in 2015/16.

During most of 2015/16 investment decisions were driven by cash flow considerations and funds placed in Money Market Funds for easy access. However opportunities were also taken to place funds in higher interest bearing investments when cash flow requirements would allow.

The average investment balance in 2015/16 was £27.2 million (£21.2 million in 2014/15). Interest receipts totalled £0.262 million in 2015/16, up by £0.035 million from £0.227 million in 2014/15.

5. Future issues facing the Council

The Council plans its finances over a medium term 4 year rolling period for revenue and capital and it includes all known financial pressures that it faces over the medium term in its Financial Plan. Finances are sound now and the Council continues to plan for future spending pressures.

As part of its financial planning the Council identifies its key financial risks to ensure they are taken into account when considering the budget. Some of the key issues facing the Council in the future are:

- Central government funding – The government has made considerable cuts in public spending. Austerity measures will inevitably lead to the Council being under continuing pressure to deliver significant budget savings going forward;

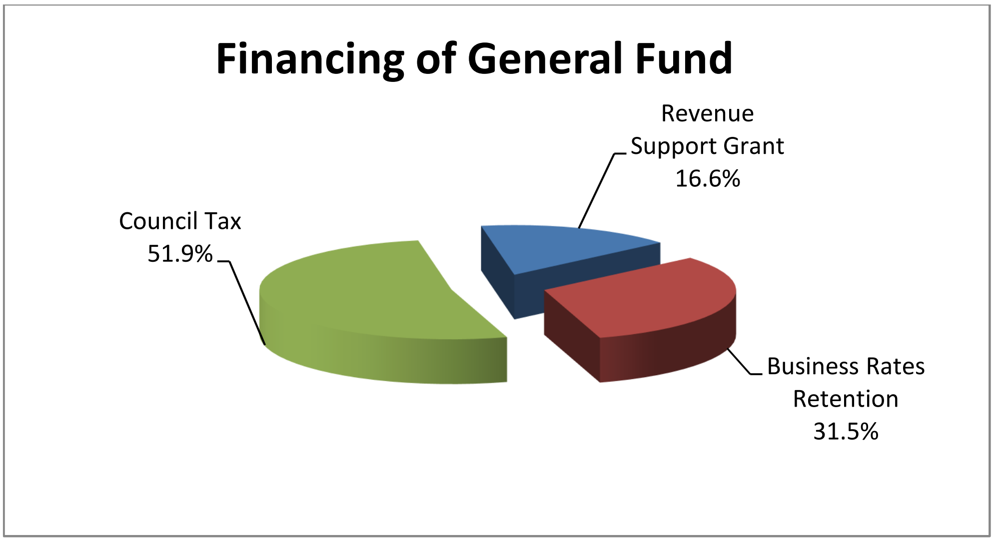
- Business Rates Retention Scheme – 2015/16 was the third year of the new regime for collecting National Non Domestic Rates (NNDR). Income is now shared between central government, the Council, Staffordshire County Council, Stoke-on-Trent and Staffordshire Fire Authority and the Stoke on Trent and Staffordshire Business Rates Pool. This change carries the following financial risks for the Council:
  - Failure to collect business rates income in accordance with the "Start-Up" funding assessment;
  - Failure to collect business rates billed;
  - Reduced business rates collectable as a result of appeals.

- Income levels – a number of main income streams are subject to demand, in particular leisure services, parking, bereavement services and planning. The Council has limited means to address issues of demand however income is an area that receives particular budget monitoring attention;

- Interest rates – the on-going period of low interest rates has impacted on investment returns. Any overall decrease in rates will reduce income. An increase or decrease in interest rates of 0.25% changes investment income by about £70,000. Current indications suggest that bank rate may begin to increase in the first quarter of 2017;

- Inflationary pressures – price inflation increased to 0.5% in March but remains well below the Bank of England's 2% target and is expected to stay below 1% this year;

- Pension's costs – although the Council's share of the liabilities in the pension fund showed an improvement in 2015/16, the Council continues to face the pressure of the rising costs of pension's provision.



Planned future developments

In 2016/17 the Borough Council will be spending approximately £6.9 million on capital investment. Areas of investment include enhancing leisure facilities in Stone and park facilities in Stafford as well as replacement equipment for the Streetscene service. Resources will continue to be made available for disabled facilities grants to householders.

The Council will also continue to transform services and seek improvements in efficiency by working with neighbouring Councils to share resources to deliver services that the community require.

6. Explanation of Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

Statements to the Accounts

Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Council and the Chief Finance Officer (Head of Finance)

Auditors report gives the auditor's opinion of the financial statements and of the council's arrangements for securing economy, efficiency and effectiveness in the use of resources,

Core Financial Statements

Movement in Reserves Statement - This statement provides a summary of the changes that have taken place in the Council's reserves over the financial year by analysing the increase or decrease. Reserves are divided into 'Usable' that can be invested in capital projects or service improvements, and 'Unusable' which must be set aside for specific purposes and cannot be used to fund expenditure.

Comprehensive Income and Expenditure Statement – This shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount funded from Council Tax and other government grants. The amount funded from Council Tax and grants differ from this by a series of adjustments made in accordance with regulations. These adjustments are made in the Movement in Reserves Statement.

Balance Sheet – shows the value of the Council's assets and liabilities at the Balance Sheet date. These are matched by reserves which are split into two categories, Usable and Unusable reserves. Unusable reserves are not available to support services and are in the main used to hold unrealised gains and losses, where the actual gain or loss will only become available once another event has occurred. For example, the Revaluation Reserve for Non-

Current assets will only become available if the asset is sold and the full value of the asset realised.

Cash Flow Statement – shows the changes in the Council's cash and cash equivalents during the reporting period. The statement shows how Council 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 Council are funded by way of taxation and grant income, or by the recipient of services provided. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cashflows arising from financing activities are useful when predicting claims on future cashflows to the Council by providers of capital, i.e. borrowing.

Supplementary Statements

Collection Fund - is an agents' statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Business Rates (Non-Domestic Rates (NDR)) and its distribution to precepting bodies.

Glossary - This provides an explanation of the technical terms contained within the statement of accounts.

Main Changes to the Core Statements and Significant Transactions in 2015/16

Comprehensive Income and Expenditure Account

- The most significant item is the actuarial gain of £6.238 million this is primarily due to changes in the discount rates used to value the pension fund assets.

Balance Sheet

- There was an increase of £0.327 million recorded in the value of surplus assets as a result of change in guidance on valuation which requires the Council to hold the asset at its value to the market.
- Specialised assets held at DRC (Depreciated Replacement Cost) such as Stafford Leisure Centre have been revalued due to the increase in build costs. This has therefore increased the Property plant and equipment by £3.106 million
- The Local Authority Mortgage Scheme is due to finish in November 2016 which has reduced long term debtors by £2 million with a corresponding increase in short term debtors. This has also reduced long term borrowing and increased short term borrowing
- The short term borrowing includes £5.5 million of temporary cash flow borrowing as a snapshot at year end.
- The pension fund liability has reduced from £49.286 million to £45.208 million, a reduction of £4.078 million which is largely due to the changes in financial assumptions on discount rates. These assumptions are determined by the Actuary and represent the market conditions at the reporting date.
- Usable reserves have increased overall by £0.774 million primarily due to transfer to working balances of the surplus during the year of £0.889 million and increases in earmarked reserves £0.668 million (this mainly relates to the increase in Business Rates Reserve). This is partly offset by a reduction in capital receipts and grants reflecting the financing of capital spend during the year.

Cash Flow Statement

- There is an overall increase of £1.521 million in cash and cash equivalents at the end of the reporting period, primarily due to receipts of short term borrowing offset by increased expenditure from operating activities.

CERTIFICATION OF ACCOUNTS
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance with S151 responsibilities;

- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- approve the Statement of Accounts.

The Head of Finance with S151 Responsibilities

The Head of Finance is responsible for the preparation of the Council'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 ("The Code of Practice").

In preparing this Statement of Accounts, the Head of Finance has:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the Code of Practice.

The Head of 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.

Certification by Head of Finance

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31 March 2016.

R Kean .... Date 05/09/2016

R A Kean CPFA - Head of Finance

* this certificate replaces the previous version signed on the 27 June 2016.

Certification by the Chairman of the Accounts and Audit Committee

I certify that the Statement of Accounts relating to the year ended 31 March 2016 was considered and approved by the Audit and Accounts Committee of the Council on 13 September 2016.

.... Date ....

Councillor A M Loughran - Chairman of the Audit and Accounts Committee

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus)/ Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure statement. These are different from the statutory amounts required to be charged to the General Fund Balance 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.

The balance at 31st March for Usable Reserves represents the amount available for use in the delivery of services.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2015	**(2,001)**	**(10,716)**	**(1,680)**	**(1,017)**	**(15,414)**	**15,639**	**225**
Movement in reserves during 2015/16							
(Surplus)/deficit on the provision of services	2,450				2,450		2,450
Other Comprehensive Income and Expenditure	-				-	(11,041)	(11,041)
Total Comprehensive Income and Expenditure	**2,450**	**-**	**-**	**-**	**2,450**	**(11,041)**	**(8,591)**
Adjustments between accounting basis & funding basis under regulations (Note 7)	(4,007)		482	301	(3,224)	3,224	-
Net (Increase)/Decrease before Transfer to Earmarked Reserves	**(1,557)**	**-**	**482**	**301**	**(774)**	**(7,817)**	**(8,591)**
Transfers to/from Earmarked Reserves (Note 8)	668	(668)			-		-
(Increase)/Decrease in 2015/16	**(889)**	**(668)**	**482**	**301**	**(774)**	**(7,817)**	**(8,591)**
Balance at 31 March 2016	**(2,890)**	**(11,384)**	**(1,198)**	**(716)**	**(16,188)**	**7,822**	**(8,366)**

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2014	**(1,885)**	**(9,071)**	**(1,187)**	**(1,237)**	**(13,380)**	**10,006**	**(3,374)**
Movement in reserves during 2014/15							
(Surplus)/deficit on the provision of services	3,327				3,327		3,327
Other Comprehensive Income and Expenditure	-				-	272	272
Total Comprehensive Income and Expenditure	**3,327**	**-**	**-**	**-**	**3,327**	**272**	**3,599**
Adjustments between accounting basis & funding basis under regulations (Note 7)	(5,088)		(493)	220	(5,361)	5,361	-
Net (Increase)/Decrease before Transfer to Earmarked Reserves	**(1,761)**	**-**	**(493)**	**220**	**(2,034)**	**5,633**	**3,599**
Transfers to/from Earmarked Reserves (Note 8)	1,645	(1,645)			-		-
(Increase)/Decrease in 2014/15	**(116)**	**(1,645)**	**(493)**	**220**	**(2,034)**	**5,633**	**3,599**
Balance at 31 March 2015	**(2,001)**	**(10,716)**	**(1,680)**	**(1,017)**	**(15,414)**	**15,639**	**225**

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

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

2014/2015				2015/2016		
Gross Expend £000	**Gross Income £000**	**Net Expend £000**		**Gross Expend £000**	**Gross Income £000**	**Net Expend £000**
3,982	4,064	(82)	Central Services to the Public	4,069	3,788	281
10,246	5,532	4,714	Cultural and Related Services	10,172	5,511	4,661
9,445	4,427	5,018	Environmental & Regulatory Services	9,973	4,838	5,135
3,152	1,358	1,794	Planning and Development Services	3,291	1,242	2,049
27,042	24,852	2,190	Housing Services	27,147	25,464	1,683
1,712	2,246	(534)	Highways and Transport Services	2,402	2,109	293
1,613	-	1,613	Corporate and Democratic Core	1,459	-	1,459
54	-	54	Non-Distributed Costs	40	-	40
57,246	42,479	14,767	**Cost of Services**	58,553	42,952	15,601
		2,161	Other operating expenditure (Note 9)			452
		1,746	Financing and investment income and expenditure (Note 10)			2,283
		(15,347)	Taxation and non-specific grant income (Note 11)			(15,886)
		3,327	**(Surplus) / Deficit on Provision of Services**			**2,450**
		(2,456)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 24)			(4,809)
		-	(Surplus) or deficit on revaluation of available for sale financial assets (Note 24)			6
		2,728	Remeasurement of the net defined benefit liability / asset (Note 24)			(6,238)
		272	**Other Comprehensive Income and Expenditure**			**(11,041)**
		3,599	**Total Comprehensive Income and Expenditure**			**(8,591)**

BALANCE SHEET

The Balance Sheet shows the value as at 31 March 2016 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:

The first category of reserves are usable reserves, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2015 £000		**Notes**	**31 March 2016 £000**
37,767	Property, Plant & Equipment	12	41,699
558	Heritage Assets	13	558
1,840	Investment Properties	14	1,841
198	Intangible Assets	15	93
5	Long Term Investments	16	-
2,111	Long Term Debtors	16	109
42,479	**Long Term Assets**		**44,300**
11,558	Short Term Investments	16	14,553
58	Inventories	17	71
3,684	Short Term Debtors	18	6,955
3,533	Cash and Cash Equivalents	19	5,054
18,833	**Current Assets**		**26,633**
-	Short Term Borrowing	16	(7,512)
(5,942)	Short Term Creditors	21	(5,162)
(428)	Grants Receipts in Advance-Revenue	36	(344)
(37)	Provisions	22	(37)
(6,407)	**Current Liabilities**		**(13,055)**
(1,325)	Long Term Creditors	16	(34)
(2,000)	Long Term Borrowing	16	-
(1,953)	Provisions	22	(1,938)
	Other Long Term Liabilities		
(49,286)	Pensions	42	(45,208)
-	Finance Leases	16	(1,287)
(566)	Grants Receipts in Advance-Capital	36	(1,045)
(55,130)	**Long Term Liabilities**		**(49,512)**
(225)	**Net Assets**		**8,366**
(15,414)	Usable Reserves	23	(16,188)
15,639	Unusable Reserve	24	7,822
225	**Total Reserves**		**(8,366)**

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Council.

2014/15 £000		2015/16 £000
3,327	**Net (surplus) or deficit on the provision of services**	**2,450**
(6,838)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 25)	**(2,385)**
1,792	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 25)	**1,236**
(1,719)	**Net cash flows from Operating Activities**	**1,301**
7,055	Investing Activities (Note 27)	**3,093**
(921)	Financing Activities (Note 28)	**(5,915)**
4,415	**Net (increase) / decrease in cash and cash equivalents**	**(1,521)**
7,948	**Cash and cash equivalents at the beginning of the reporting period**	**3,533**
3,533	**Cash and cash equivalents at the end of the reporting period (Note 19)**	**5,054**

NOTES TO THE ACCOUNTS

1. Accounting Policies

(i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which is required 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 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

In compiling the disclosure notes, the Council has given due regard to materiality and therefore detailed disclosures are not given for items below £50,000 unless there is a statutory override. The general principle used for rounding is to the nearest £000's.

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

(ii) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. The Council operates a de minimus for accruals of £1,000. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments or payable on borrowings is accounted for respectively as income and expenditure on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

(iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

(iv) Exceptional Items

Where items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

(v) 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, ie in the current and future year affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

(vi) 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 property, plant and equipment 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 Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

(vii) 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 and paid sick leave, bonuses and non-monetary benefits (eg leased cars) for current employees are recognised as an expense for services in the year in which employees render the service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, for example, time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement of Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Staffordshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

The Local Government Scheme is accounted for as a defined benefit scheme:

- The liabilities of the Staffordshire County Council (SCC) pension fund attributable to the Council are included on the Balance Sheet on an actuarial basis using the projected unit method - ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using an appropriate discount rate determined by the actuary.

- The assets of the SCC 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

    - unitised securities - current bid price

    - property - market value

- The change in the net pensions liability is analysed into the following components:

    - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

    - past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

    - net interest on the net defined benefit liability (asset), ie net interest expense for the Council - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

    - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and expenditure.

    - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

    - contributions paid to the SCC pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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 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.

(viii) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, 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.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

(ix) 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 and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in 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 effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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 Council 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 interest rate for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. 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.

Any gains/losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

(x) Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, 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 amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- instruments with quoted market prices - the market price
- other instruments with fixed and determinable payments - discounted cash flow analysis
- equity shares with no quoted market prices - independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 - unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred - these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments are due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, 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. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

(xi) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council where there is reasonable assurance that:

- the Council 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 transferred 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-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Council has the statutory powers to charge a levy on new builds and is currently consulting on a Preliminary Draft Charging Schedule. It is expected that a Community Infrastructure Levy will be approved and implemented during 2016.

(xii) Heritage Assets

Tangible and Intangible Heritage Assets

The Council's heritage assets comprise the Civic Regalia, art collection held at the Civic Centre and collections held across the heritage sites. The collections are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However some of the measurement rules are relaxed in relation to heritage assets as detailed below.

Civic Regalia

These items are reported in the Balance Sheet at insurance valuation. These insurance valuations are reviewed every five years.

Art Collection at Civic Offices

These items are reported in the Balance Sheet based on the latest valuation available which for this item is an insurance valuation.

Heritage Sites Collections

These items are reported in the Balance Sheet based on the latest valuation available which for this item is a formal valuation.

Heritage Assets - General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg. where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (see note xix in this summary of significant accounting policies). The Council may occasionally dispose of heritage assets if unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see note xix in this summary of significant accounting policies).

(xiii) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research and development expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds greater than £10,000) the Capital Receipts Reserve.

(xiv) Interests in Companies and Other Entities

The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts.

(xv) Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

(xvi) Investment Properties

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 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 arms-length. They are not depreciated but are revalued annually at fair value. Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

(xvii) Leases

Leases are classified as finance leases where the lease terms 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 building 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 Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases are 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 is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue 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.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant and 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 (eg there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received), and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of property, plant & equipment is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(xviii) 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 2015/16 (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

(xix) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rentals 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 Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred. The de minimus value for items to be treated as capital expenditure is £20,000.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets - depreciated historical cost (DHC)
- assets under construction - cost
- surplus assets - the current value measurement basis is fair value, estimated at highest and best use from a market participant's perspective
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

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.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gains.

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

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 (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:-

- dwellings and other buildings - straight-line allocation over the life of the property as estimated by the valuer

- vehicles, plant and equipment - straight-line allocation on historic cost over 5 years or over the period of the lease

- infrastructure - straight-line allocation on historic cost over 25 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 has established a de minimus threshold in relation to componentisation of £1 million or 10% of the total asset value.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of property, plant & equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

(xx) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly with the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

(xxi) Reserves

The Council sets aside specific amounts as reserves for future policy purposes 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.

(xxii) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the 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.

(xxiii) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

(xxiv) Carbon Reduction Commitment Scheme

The Council is not currently required to participate as it does not consume the energy level thresholds required.

(xxv) Tax Income (Council Tax, Non-Domestic Rates (NDR) and Rates)

Non Domestic Rates (NDR)

- Retained Business Rate income included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income.

- Tariff included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued expenditure.

Council Tax

- Council Tax Income in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income.

Both NDR, Tariff Expenditure and Council Tax will be recognised in the Comprehensive Income and Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement and Reserves Statement. Each major preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement.

The income for Council Tax and NDR is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority and the amount of the revenue can be measured reliably.

Revenue relating to such things as council tax, general rates etc shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

(xxvi) Fair Value Measurement

The Council measures some of its non-financials assets such as surplus assets and investment properties and it's financial instruments for certificates of deposit at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

(a) in the principal market for the asset or liability, or

(b) in the absence of a principal market, in the most advantageous market for the asset or liability

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient date is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability.

2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code:

- **IAS 1 Presentation of Financial Statements**
  This standard provides guidance on the form of the financial statements. The 'Telling the Story' review of the of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in the changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.

Other minor changes due to Annual Improvement to IFRSs cycles, IFRS 11 Joint Arrangements, IAS 16 Property, Plant, Equipment, IAS 38 Intangible Assets and IAS 19 Employee Benefits are minor and are not expected to have a material effect on the Council's Statement of Accounts.

The code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council 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:

- **Future levels of government funding**
  There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined, through it's Medium Term Financial Planning, that the impact of this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

- **Asset valuation**
  The Council holds a number of shops and properties which could be classified as either investment properties and therefore valued at market value, or operational assets which would be valued using existing use valuation techniques. The existing use value would be a lower figure than fair value.

  In determining the appropriate basis the Council has considered the primary purpose of holding the assets and determined that the properties are held for regeneration purposes and therefore are not investment properties.

  The Council continues to operate a 5 year rolling programme of asset valuations although guidance states that each class of asset should be revalued within a short period of time. The Council has carried out a separate review to ensure that the assets values within the accounts are not materially different from fair value.

- **Municipal Mutual Insurance (MMI)**
  The Council has a potential clawback liability should there be a deficit in the winding up of the company. Although the Council has paid a 25% levy notice a separate disclosure has been made under contingent liabilities as it is not certain that this levy notice fully extinguishes any potential liability.

- **Waterfront**
  The car park has been valued for 2015/16 as an operational car park as transfer completed on the 23/3/16 and was open to the public, in 2014/15 this asset was held at land value within the councils fixed assets.
  Due to the opening date valuation for 2015/16 has been made based on actual and estimated income levels taking into consideration that the retail and cinema development are not fully completed.

4. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

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

The items in the Council's Balance Sheet as at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge for buildings would increase by £218,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which 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 Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. The actuary has provided sensitivity information about the effects of changes in assumptions. The financial impact of these changes are detailed in note 42 to the accounts.
Sundry debt arrears	At 31 March 2016 the Council's balance of sundry debts was £2.749m. A review of significant balances suggested that an impairment of doubtful debts of 81.9% was appropriate (£2.252m). However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £27,000 to set aside as an allowance.
Council tax arrears	At 31 March 2016 the Council's share of the council tax debtors included in the councils accounts was £427,000. A review of significant balances suggested that an impairment of doubtful debts of 70% (£300,000) was appropriate However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £4,000 to set aside as an allowance.
Business rates arrears	At 31 March 2016 the Council's share of the business rates debtors included in the councils accounts was £711,000. A review of significant balances suggested that an impairment of doubtful debts of 58% (£410,000) was appropriate However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £7,000 to set aside as an allowance.
Business rates appeals	At 31 March 2016 the Council's share of the business rates appeals included in the Council's accounts was £1,939,000.	If there was an increase of 1% in the appeals percentages (based on each individual category of property) this would require an additional £62,000 to be set aside.

5. Material Items of Income and Expense

The Code requires that where items are not disclosed on the face of the Comprehensive Income and Expenditure Account, that the nature and amount of material items should be disclosed in a note to the accounts. The material items of income and expenses for 2015/16 are as follows:

There has been an increase in the net cost of services of £834,000. This is primarily due to the following;

	£000
Revenue Expenditure Funded by Capital Under Statute (REFCUS)	210
Depreciation of Assets	843
Impairment of Assets	178
Vat Shelter receipts	391
Planning fees reduced income	309
Development Management reduced legal and professional services costs	(104)
Benefits - Increased Subsidy	(360)
Community Safety - additional grants	(121)
Land Charges - Property Searches reduced spend	(140)
Land Charges - Grant for Property Searches	(95)
Increased parking income	(89)
Forward Planning - increased grants	(120)
Discretionary Housing Payments Grant	(127)
Recycling credits	(58)
Elections	153
Other changes	(36)
	834

6. Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance on 27 June 2016. 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 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Adjustments Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in 2015/16 in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	Usable Reserves			
2015/16	**General Fund Balance £000**	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
▫ Pension costs (transferred to (or from) the Pensions Reserve)	(1,686)			1,686
▫ Financial Instruments (transferred to the Financial Instruments Adjustments Account)				-
▫ Council Tax and NDR (transfer to or from Collection Fund)	(680)			680
▫ Holiday pay (transferred to the Accumulated Absences Reserve)	1			(1)
▫ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account.	(3,546)		(255)	3,801
Total Adjustments to the Revenue Resources	**(5,911)**	**-**	**(255)**	**6,166**
Adjustments between Revenue and Capital Resources				
▫ Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	314	(314)		-
▫ Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	-		-
▫ Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	123			(123)
▫ Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,467			(1,467)
Total Adjustments between Revenue and Capital Resources	**1,904**	**(314)**	**-**	**(1,590)**
Adjustments to Capital Resources				
▫ Use of Capital Receipts Reserve to finance capital expenditure		798		(798)
▫ Application of capital grants to finance capital expenditure			556	(556)
▫ Cash payments in relation to deferred capital receipts		(2)		2
Total Adjustments to Capital Resources	**-**	**796**	**556**	**(1,352)**
Total Adjustments	**(4,007)**	**482**	**301**	**3,224**

2014/15	Usable Reserves: General Fund Balance £000	Usable Reserves: Capital Receipts Reserve £000	Usable Reserves: Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
▫ Pension costs (transferred to (or from) the Pensions Reserve)	(1,937)			1,937
▫ Financial Instruments (transferred to the Financial Instruments Adjustments Account)				-
▫ Council Tax and NDR (transfer to or from Collection Fund)	(1,194)			1,194
▫ Holiday pay (transferred to the Accumulated Absences Reserve)	(81)			81
▫ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account.	(4,250)		(24)	4,274
Total Adjustments to the Revenue Resources	**(7,462)**	**-**	**(24)**	**7,486**
Adjustments between Revenue and Capital Resources				
▫ Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	697	(697)		-
▫ Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(1)	1		-
▫ Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	144			(144)
▫ Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,534			(1,534)
Total Adjustments between Revenue and Capital Resources	**2,374**	**(696)**	**-**	**(1,678)**
Adjustments to Capital Resources				
▫ Use of Capital Receipts Reserve to finance capital expenditure		208		(208)
▫ Application of capital grants to finance capital expenditure			244	(244)
▫ Cash payments in relation to deferred capital receipts		(5)		5
Total Adjustments to Capital Resources	**-**	**203**	**244**	**(447)**
Total Adjustments	**(5,088)**	**(493)**	**220**	**5,361**

This table has been restated to enable comparison with 2015/16.

8. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16.

	Balance at 1 April 2014 £000	Transfers Out 2014/15 £000	Transfers in 2014/15 £000	Balance at 31 March 2015 £000	Transfers Out 2015/16 £000	Transfers in 2015/16 £000	Balance at 31 March 2016 £000
General Fund:							
Corporate	(2,642)	961	(340)	(2,021)	410	(296)	(1,907)
Environment Portfolio	(523)	90	(293)	(726)	340	(201)	(587)
Community Portfolio	(185)	50	(65)	(200)	65	(19)	(154)
Planning & Regeneration Portfolio	(193)	118	(156)	(231)	100	(184)	(315)
Leisure Portfolio	(651)	49	(100)	(702)	499	(98)	(301)
Resources Portfolio	(1,109)	146	(183)	(1,146)	227	(172)	(1,091)
Grants	(730)	209	(246)	(767)	121	(448)	(1,094)
VAT Shelter	(1,871)	640	(1,003)	(2,234)	635	(534)	(2,133)
Insurance Reserve	(330)	31	(72)	(371)	34	(71)	(408)
Revenue Contribution to Capital Outlay (RCCO)	(837)	582	(787)	(1,042)	255	(644)	(1,431)
Business Rates Reserve	-	-	(1,276)	(1,276)	1,276	(1,963)	(1,963)
TOTAL	**(9,071)**	**2,876**	**(4,521)**	**(10,716)**	**3,962**	**(4,630)**	**(11,384)**

Corporate reserves relate to monies earmarked for future budget support, provision for future maintenance and contingencies re VAT etc.

Amounts set aside in Portfolio reserves primarily arise from unavoidable delays in projects which will be delivered during the 2016/17 financial year.

In accordance with best practice, the grants reserve relates to external funding received for which no condition exists for repayment but has not yet been spent.

The VAT shelter reserve relates to income received as part of the housing stock transfer agreement. The receipts currently are earmarked to support capital spend, these receipts have now ceased.

The Council's self insurance reserve meets insurance liabilities in respect of its obligations as an employer, liability to the public and for Council property. The level of the fund is reviewed once every 3 years by external advisors.

The Business Rates Reserve balance is not available for general use. This represents the Council's share of the deficit on the Collection Fund for 2015/16. This reserve has been set aside to absorb the timing difference in accounting for collection fund balances.

9. Other Operating Expenditure

2014/15 £000		2015/16 £000
728	Parish council precepts	739
1,433	(Gains)/Losses on the disposal of non-current assets	(287)
2,161	**TOTAL**	**452**

10. Financing and Investment Income and Expenditure

2014/15 £000		2015/16 £000
506	Interest payable and similar charges	507
(2,777)	Net interest on the net defined benefit liability / (asset)	(2,363)
4,631	Remeasurements of the net defined benefit liability/(asset)	3,901
-	Income and Expenditure in relation to investment properties and changes in their fair value	(1)
(335)	Interest receivable and similar income	(272)
(279)	(Gain) / loss on trading accounts	511
1,746	**TOTAL**	**2,283**

11. Taxation and Non Specific Grant Incomes

2014/15 £000		2015/16 £000
(7,111)	Council tax income	(7,166)
(2,712)	Non domestic rates	(3,933)
(2,889)	Revenue Support Grant	(2,066)
(1,534)	Non-ringfenced government grants	(1,793)
(1,101)	Capital grants and contributions	(928)
(15,347)	**TOTAL**	**(15,886)**

12. Property, Plant and Equipment

Movements in 2015/16	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation							
At 1 April 2015	36,692	8,780	3,264	761	16	815	50,328
Additions	836	1,133	265	56		31	2,321
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,830				327		2,157
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,190)					(30)	(1,220)
Derecognition - disposals	(28)						(28)
Derecognition - other							-
Other movements in cost or valuation	757		31		1	(781)	8
at 31 March 2016	**38,897**	**9,913**	**3,560**	**817**	**344**	**35**	**53,566**
Accumulated Depreciation and Impairment							
at 1 April 2015	(3,878)	(6,732)	(1,951)	-	-	-	(12,561)
Depreciation charge	(1,797)	(730)	(131)				(2,658)
Depreciation written out to the Revaluation Reserve	2,652						2,652
Depreciation written out to the surplus/Deficit on the Provision of Services	707						707
Derecognition - disposals	1						1
Derecognition - other							-
Other movements in depreciation and impairment	(8)						(8)
at 31 March 2016	**(2,323)**	**(7,462)**	**(2,082)**	**-**	**-**	**-**	**(11,867)**
Net Book Value							
at 31 March 2016	**36,574**	**2,451**	**1,478**	**817**	**344**	**35**	**41,699**
at 31 March 2015	**32,814**	**2,048**	**1,313**	**761**	**16**	**815**	**37,767**

Movements in 2014/15	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation							
At 1 April 2014	35,668	10,583	3,264	710	16	33	50,274
Additions	664	582		51		801	2,098
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,149						2,149
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(335)						(335)
Derecognition - disposals	(2,132)						(2,132)
Derecognition - other		(349)					(349)
Other movements in cost or valuation	678	(2,036)				(19)	(1,377)
at 31 March 2015	**36,692**	**8,780**	**3,264**	**761**	**16**	**815**	**50,328**
Accumulated Depreciation and Impairment							
at 1 April 2014	(2,570)	(8,392)	(1,821)	-	-	-	(12,783)
Depreciation charge	(959)	(725)	(130)				(1,814)
Depreciation written out to the Revaluation Reserve	307						307
Depreciation written out to the surplus/Deficit on the Provision of Services	-						-
Derecognition - disposals	3						3
Derecognition - other		349					349
Other movements in depreciation and impairment	(659)	2,036					1,377
at 31 March 2015	**(3,878)**	**(6,732)**	**(1,951)**	**-**	**-**	**-**	**(12,561)**
Net Book Value							
at 31 March 2015	**32,814**	**2,048**	**1,313**	**761**	**16**	**815**	**37,767**
at 31 March 2014	**33,098**	**2,191**	**1,443**	**710**	**16**	**33**	**37,491**

Depreciation

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

- Other Land and Buildings - 15-70 years
- Vehicles, Plant, Furniture & Equipment - straight line on historic cost over 5 years or period of the lease
- Infrastructure - straight line on historic cost over 25 years

Capital Commitments

At 31 March 2016, the Council has entered into contracts for the construction or enhancement of Property, Plant and Equipment in 2016/17 and future years budgeted to cost £13,000. Similar commitments at 31 March 2015 were £258,000.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Land and Buildings are subject to detailed valuation every 5 years. The valuations are carried out by the external valuer, Lambert Smith Hampton (Director TD Sandford BSc MRICS).

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The significant assumptions applied in estimating the fair values are:

- In respect of the Civic Centre the valuation is based on the assumption that the freehold title is vested with the Council, in spite of the fact they occupy the premises on a leasehold basis and pay a full market rent for the property.

- The apportionment between land and buildings has been undertaken in accordance with RICS Valuation Standards by deducting the value of the land for existing use from the valuation with the residual sum being the depreciable amount attributable to the building.

- In the appraisal of useful life regard is had to the Council's continuing use of the asset being equal to the physical and economic life of the building assuming a programme of reasonable maintenance.

- The Depreciated Replacement Cost (DRC) method has been applied to a significant number of the properties valued as these assets are rarely, if ever, sold and therefore can be classified as specialised properties where there is limited, if any, evidence of market transactions.

	Other Land and Buildings	**Vehicles, Plant, Furniture and Equipment**	**Surplus Assets**	**Total**
	£000	**£000**	**£000**	**£000**
Carried at historical cost	-	2,451	-	2,451
valued at fair value as at:				
31 March 2012	594	-	-	594
31 March 2013	613	-	-	613
31 March 2014	4,933	-	-	4,933
31 March 2015	4,444	-	-	4,444
31 March 2016	25,990	-	344	26,334
Total Cost or Valuation	**36,574**	**2,451**	**344**	**39,369**

13. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets held by the Council

	Civic Regalia	**Art collection at Civic Offices**	**Collections at Heritage Sites**	**Total Assets**
	£000	**£000**	**£000**	**£000**
Cost or Valuation				
1 April 2015	236	49	273	558
31 March 2016	**236**	**49**	**273**	**558**

	Civic Regalia	Art collection at Civic Offices	Collections at Heritage Sites	Total Assets
	£000	£000	£000	£000
Cost or Valuation				
1 April 2014	236	49	273	558
31 March 2015	**236**	**49**	**273**	**558**

14. Investment Properties

The Council holds two assets as investment properties.

The first relates to land at Chell Road, Stafford. The asset is held solely for capital appreciation and there are no rentals or operating expenses receivable in relation to this asset. The asset value of £1.84 million has remained unchanged from 2014/15 to 2015/16 and is based on a special assumption that no lease is in place.
The land is leased to J Sainsburys plc on a long lease (125 years) and there is therefore a restriction on disposal.

The second relates to shops at 47/49 Greengate Street, Stafford where the land is leased on a long lease and there is therefore a restriction on disposal. The Council's interest has been valued at £0.011 million.

Fair Value Measurement of Investment Property

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

The fair value of the properties is based on Level 2 inputs in the fair value hierarchy. These have been based on the market approach using current market conditions and recent sales prices (where available to the market) and other relevant information for similar assets in the local authority area.

There have been no transfers between levels of the fair value hierarchy and valuation techniques from those used in 2014/15.

The fair value of the Council's investment properties is measured annually at each reporting date. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

15. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets currently relate only to purchased licences as the council does not currently have any internally generated intangible assets.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The carrying amount of intangible assets is amortised on a straight-line basis.

Due to the low value of the Council's intangible asset amortisation a detailed disclosure of where the charge is made to the Comprehensive Income and Expenditure account is not required.

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

2014/15 Total £000		2015/16 Total £000
	Balance at start of year:	
835	Gross carrying amounts	858
(529)	Accumulated amortisation	(660)
306	**Net carrying amount at start of year**	**198**
	Additions:	
23	Purchases	20
(131)	Amortisation for the period	(125)
198	**Net carrying amount at end of year**	**93**
	Comprising:	
858	Gross carrying amounts	878
(660)	Accumulated amortisation	(785)
198		**93**

The table below shows the amortisation profile of the intangible assets, where the carrying value of individual assets are above £100,000 they are detailed separately.

Carrying Amount 31 March 2015 £000	Remaining Amortisation Period	Carrying Amount 31 March 2016 £000
84	1 Year	18
35	2 Years	37
56	3 Years	-
-	4 Years	18
23	5 Years	20
198		**93**

The Council revalues intangible assets where there is an active market, however it is currently considered that there is no active market for the software held and they have consequently not been revalued.

16. Financial Instruments

Categories of Financial Instruments

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

31 March 2015 Long Term £000	31 March 2015 Current £000		31 March 2016 Long Term £000	31 March 2016 Current £000
		Investments		
-	11,558	Loans and receivables - Investments principal	-	7,000
-	-	Loans and receivables - Investments accrued interest	-	17
-	3,701	Loans and receivables - Cash & Cash Equivalents (CCE)	-	5,007
-	-	Loans and receivables - CCE accrued interest	-	4
5	-	Available for Sale financial assets	-	7,536
5	**15,259**	**Total Investments**	**-**	**19,564**
		Debtors		
2,111	-	Loans and receivables	109	-
-	2,497	Financial assets carried at contract amounts	-	6,399
2,111	**2,497**	**Total Debtors**	**109**	**6,399**
		Borrowings		
2,000	-	Financial liabilities at amortised cost - Loans Principal	-	7,500
-	-	Financial liabilities at amortised cost - Loans Accrued Interest	-	12
2,000	**-**	**Total Borrowings**	**-**	**7,512**
		Other Long Term Liabilities		
1,288	1	PFI and finance liabilities	1,287	1
1,288	**1**	**Total Other Long Term Liabilities**	**1,287**	**1**
		Creditors		
37	5,268	Financial liabilities carried at contract amount	34	4,510
37	**5,268**	**Total Creditors**	**34**	**4,510**

Reclassifications

There were no reclassifications of financial instruments during 2015/16.

Financial Instruments Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

Income, Expense, Gains and Losses

2015/16	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and Receivables £000	Total £000
Interest expense	35	-	**35**
Total expense in Surplus or deficit on the Provision of Services	**35**	**-**	**35**
Interest income	-	(272)	**(272)**
Total income in Surplus or Deficit on the Provision of Services	**-**	**(272)**	**(272)**
Surplus/deficit arising on revaluation of financial assets	-	6	**6**
Net gain/(loss) for the year	**35**	**(266)**	**(231)**

Income, Expense, Gains and Losses

2014/15	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and Receivables £000	Total £000
Interest expense	34	-	**34**
Total expense in Surplus or deficit on the Provision of Services	**34**	**-**	**34**
Interest income	-	(227)	**(227)**
Total income in Surplus or Deficit on the Provision of Services	**-**	**(227)**	**(227)**
Surplus/deficit arising on revaluation of financial assets	-	-	**-**
Net gain/(loss) for the year	**34**	**(227)**	**(193)**

Fair Values of Financial Assets

The Council's Available for Sale assets are measured in the balance sheet at fair value on a recurring basis. The Council only holds one form of available for sale asset which is Certificates of Deposit, these are valued as a level one input in the fair value hierachy. The valuation technique used to measure fair value is unadjusted quoted prices in active markets for identical instruments. At the 31 March 2016 the Council held £7.536 million in certificates of deposit. These comprise Credit Suisse AG (£2.006million), Credit Industrial et Comm (£3.014million) and Royal Bank of Scotland (£2.516 million).

Transfers between Levels of Fair Value Hierarchy

There were no transfers between input levels during 2015/16.

Changes in the Valuation Technique

There has been no change in valuation technique used during the year for the financial instruments.

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)

Except for the financial assets carried at fair value (described above), all other financial liabilities and financial assets held by the Council are classified as loans and receivables and long term debtors and creditors and are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the PWLB, new loan borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer as an alternative this value is also disclosed.

- For loans receivable, prevailing benchmark rates have been used to provide the fair value;

- No early repayment or impairment is recognised

- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Mark to Model Valuation for Financial Instruments

All the financial assets are classed as loans and receivables and held with Money Market Funds and Notice Accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Capita Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future at todays terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses new borrowing rates to discount the future cash flows.

The fair values calculated are as follows:

31 March 2015			**31 March 2016**	
Carrying Amount £000	**Fair Value £000**	**Financial Liabilities**	**Carrying Amount £000**	**Fair Value £000**
2,000	2,025	PWLB Debt	2,012	2,019
-		Market Loans	5,500	5,500
5,269	5,269	Short Term Creditors	4,511	4,511
1,325	1,325	Long Term Creditors	1,321	1,321
8,594	**8,619**	**Total Financial Liabilities**	**13,344**	**13,351**

The fair value of liabilities is greater than the carrying amount because the Council's portfolio of loans includes a fixed rate loan where the interest payable is higher than the rates available for similar loans in the market place at balance sheet date. This shows a notional loss (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders above market rates.

The fair value of Public Works Loan Boards of £2.019m measures the economic effect of the of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loan under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

As the Council has a continued ability to borrow at concessionary rates from the PWLB rather than the market. The fair value calculated at premature repayment rate to reflect the interest that would be charged including a penalty charge for penalty interest would be £2.031m.

31 March 2015 Carrying Amount £000	31 March 2015 Fair Value £000	Financial Assets	31 March 2016 Carrying Amount £000	31 March 2016 Fair Value £000
11,558	11,567	Fixed Term Deposits	7,017	7,023
3,701	3,701	Cash & Cash Equivalents	5,011	5,011
2,111	2,111	Long Term Debtors	109	109
2,497	2,497	Short Term Debtors	6,399	6,399
19,867	**19,876**	**Total Financial Assets**	**18,536**	**18,542**

The fair value of the assets is greater 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 in the market at the balance sheet date. This shows a notional future gain/loss (based on economic conditions at 31 March 2016) arising from a commitment to receive interest from lenders above current market rates.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

17. Inventories

The Council only carries stock as consumable stores and the balance carried is not material, therefore detailed disclosure notes of movements are not shown. At the 31 March 2016 the balance of stocks held was £71,000, an increase of £13,000 from the previous financial year.

18. Short Term Debtors

31 March 2015 £000		31 March 2016 £000
328	Central government bodies	2,989
892	Other local authorities	325
60	NHS bodies	19
1	Public corporations and trading funds	27
2,403	Other entities and individuals (net of impairments)	3,595
3,684		**6,955**

The Other entities and individuals balance above includes an impairment allowance of £3.252 million at the 31 March 2016 and £2.842 million at the 31 March 2015.

19. Cash and Cash Equivalents

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

2014/15 £000		2015/16 £000
	Current Assets	
6	Cash held by the Council	8
3,701	Cash & Cash Equivalents held by the Council	5,011
(174)	Bank overdraft	-
-	Bank current accounts	35
3,533	**Total Cash and Cash Equivalents**	**5,054**

20. Assets Held For Sale

There were no assets held for sale as at 31 March 2016 (and 31 March 2015).

21. Short Term Creditors

31 March 2015 £000		31 March 2016 £000
1,606	Central government bodies	828
716	Other local authorities	1,858
1	NHS bodies	-
35	Public corporations and trading funds	67
3,584	Other entities and individuals	2,409
5,942		**5,162**

22. Provisions

Current Liabilities	**Provisions £000**
Balance at 1 April 2015	37
Additional provisions made	-
Amounts used	-
Balance at 31 March 2016	**37**

The provision is an estimate in relation to property searches for Land Charges. This is expected to be settled within 12 months.

Long Term Liabilities	**Business Rates Appeals £000**
Balance at 1 April 2015	1,953
Additional provisions made	292
Amounts used	(307)
Balance at 31 March 2016	**1,938**

The balance at 31 March 2016 reflects the Council's share of the provision for business rates appeals. The business rates provision is an estimate as detailed in note 4 to the accounts. It is included within long term liabilities as there is uncertainty on timing and amount.

23. Usable Reserves

31 March 2015 £000		31 March 2016 £000
(2,001)	General Fund Balance	(2,890)
(10,716)	Earmarked General Fund Reserves	(11,384)
(1,680)	Capital Receipts Reserve	(1,198)
(1,017)	Capital Grants Unapplied	(716)
(15,414)	**Total Usable Reserves**	**(16,188)**

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 7 and 8.

24. Unusable Reserves

31 March 2015 £000		31 March 2016 £000
(9,828)	Revaluation Reserve	(13,333)
-	Available for Sale Financial Instruments Reserve	6
(26,196)	Capital Adjustment Account	(26,643)
50,420	Pensions Reserve	45,868
(111)	Deferred Capital Receipts Reserve	(109)
(61)	Collection Fund Adjustment Account-Council Tax	(66)
1,278	Collection Fund Adjustment Account-NDR	1,963
137	Accumulated Absences Account	136
15,639	**Total Unusable Reserves**	**7,822**

Revaluation Reserve

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

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

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains rising before that date are consolidated into the balance on the Capital Adjustment Account.

	2014/15 £000			2015/16 £000
	(7,808)	**Balance at 1 April**		**(9,828)**
(2,599)		Upward revaluation of assets	(5,310)	
143		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	501	
	(2,456)	(Surplus) or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(4,809)
-		Adjusted amounts with the Capital Adjustment Account	-	
286		Difference between fair value depreciation and historical cost depreciation	1,291	
150		Accumulated gains on assets sold or scrapped	13	
	436	Amount written off to the Capital Adjustment Account		1,304
	(9,828)	**Balance at 31 March**		**(13,333)**

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

	2014/15 £000			2015/16 £000
	-	**Balance at 1 April**		**-**
-		Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	6	
	-			6
	-	**Balance at 31 March**		**6**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference 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 current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

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

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2014/15 £000			**2015/16 £000**
	(27,904)	**Balance at 1 April**		**(26,196)**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
2,086		Charges for depreciation and impairment of non-current assets	3,548	
63		Revaluation losses on Property, Plant and Equipment	(378)	
131		Amortisation of intangible assets	125	
943		Revenue Expenditure Funded from Capital Under Statute	1,153	
2,129		Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	27	
-		Fair Value of Investment Property	(1)	
	5,352			4,474
	(436)	Adjusting amounts written out of the Revaluation Reserve		(1,304)
	(22,988)	Net written out amount of the cost of non-current assets consumed in the year		(23,026)
		Capital financing applied in the year:		
(208)		Use of the Capital Receipts Reserve to finance new capital expenditure	(798)	
(1,078)		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(673)	
(244)		Application of grants to capital financing from the Capital Grants Unapplied Account	(556)	
(144)		Statutory provision for the financing of capital investment charged against the General Fund	(123)	
(1,534)		Capital expenditure charged against the General Fund	(1,467)	
	(3,208)			(3,617)
	(26,196)	**Balance at 31 March**		**(26,643)**

Pensions Reserve

The Pensions Reserve absorbs the timing difference arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the 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 Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/15 £000		2015/16 £000
45,755	**Balance at 1 April**	**50,420**
2,728	Remeasurements of the net defined benefit liability/(asset)	(6,238)
3,680	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	3,722
(1,743)	Employers pensions contributions and direct payments to pensioners payable in the year	(2,036)
50,420	**Balance at 31 March**	**45,868**

Deferred Capital Receipts Reserve

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

2014/15 £000		2015/16 £000
(116)	**Balance at 1 April**	**(111)**
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
5	Transfer to the Capital Receipts Reserve upon receipt of cash	2
(111)	**Balance at 31 March**	**(109)**

Collection Fund Adjustment Account

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

2014/15 £000		2015/16 £000
23	**Balance at 1 April**	**1,217**
(82)	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	(4)
1,276	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	684
1,217	**Balance at 31 March**	**1,897**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg 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.

	2014/15 £000			2015/16 £000
	56	**Balance at 1 April**		**137**
(56)		Settlement or cancellation of accrual made at the end of the preceding year	(137)	
137		Amounts accrued at the end of the current year	136	
	81	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)
	137	**Balance at 31 March**		**136**

25. Cash flow Statement - Non Cash Movements

The non cash movements removed from the Comprehensive Income and Expenditure Account include the following items:

2014/15 £000		2015/16 £000
(1,814)	Depreciation	(3,548)
(335)	Impairments and downward valuations	378
(131)	Amortisation	(125)
-	Movement in investment property value	1
(1,723)	(Increase)/decrease in impairment for bad debts	(410)
(861)	(Increase)/ decrease in Creditors	960
1,049	Increase/(decrease) in Debtors	2,519
9	Increase/(decrease) in Stock	13
(912)	Movement in pension liability	(2,160)
(2,129)	Carrying amount of non-current assets sold or derecognised	(27)
9	Other non-cash items charged to the net surplus or deficit on the provision of services	14
(6,838)		**(2,385)**
(6)	Proceeds from short-term (not cash equivalents) and long-term investments	(5)
696	Proceeds from the sales of Plant, Property and Equipment, investment property and intangible assets	314
1,102	Any other item for which the cash effects are investing or financing cash flows	927
1,792		**1,236**

26. Cash flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2014/15 £000		2015/16 £000
(365)	Interest received	(272)
506	Interest paid	506

27. Cash flow Statement - Investing Activities

The cash flows for investing activities include the following items:

2014/15 £000		2015/16 £000
2,335	Purchase of property, plant and equipment, investment property and intangible assets	2,218
128,086	Purchase of short-term and long-term investments	128,505
(701)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(709)
(122,086)	Proceeds from short-term and long-term investments	(125,505)
(579)	Capital grants & receipts	(1,416)
7,055	**Net cash flows from investing activities**	**3,093**

28. Cash flow Statement - Financing Activities

The cash flows for financing activities include the following items:

2014/15 £000		2015/16 £000
-	Cash receipts of short and long term borrowing	(5,500)
19	Cash payments for the reduction of the outstanding liabilities relating to finance leases	4
(940)	Billing Authorities - Council Tax & NNDR adjustments	(419)
(921)	**Net cash flows from financing activities**	**(5,915)**

29. Amounts Reported For Resource 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 Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across portfolios. These reports are used for management purposes and 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 pensions contributions) rather than current service cost of benefits accrued in the year.
- expenditure on some support services is budgeted for centrally and not charged to portfolios.

The income and expenditure of the Council's principal portfolios recorded in the budget reports for the year is as follows:

Portfolio Income and Expenditure 2015/16	Community £000	Environment £000	Leisure £000	Planning and Regeneration £000	Resources £000	Total £000
Fees, charges & other service income	270	4,777	4,261	3,973	2,646	15,927
Government grants	262	-	130	261	25,598	26,251
Total Income	**532**	**4,777**	**4,391**	**4,234**	**28,244**	**42,178**
Employee expenses	431	2,701	3,177	1,463	3,628	11,400
Other service expenses	969	6,230	3,430	2,235	30,787	43,651
Total Expenditure	**1,400**	**8,931**	**6,607**	**3,698**	**34,415**	**55,051**
Net Expenditure	**868**	**4,154**	**2,216**	**(536)**	**6,171**	**12,873**

Portfolio Income and Expenditure 2014/15	Community £000	Environment £000	Leisure £000	Planning and Regeneration £000	Resources £000	Total £000
Fees, charges & other service income	175	4,490	4,206	4,418	2,664	15,953
Government grants	88	-	52	47	25,323	25,510
Total Income	**263**	**4,490**	**4,258**	**4,465**	**27,987**	**41,463**
Employee expenses	408	2,705	3,160	1,428	3,679	11,380
Other service expenses	697	5,911	3,396	2,383	30,302	42,689
Total Expenditure	**1,105**	**8,616**	**6,556**	**3,811**	**33,981**	**54,069**
Net Expenditure	**842**	**4,126**	**2,298**	**(654)**	**5,994**	**12,606**

Reconciliation of Portfolio Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

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

2014/15 £000		2015/16 £000
12,606	Net expenditure in the Portfolio Analysis	12,873
3,481	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	4,826
(1,320)	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(2,098)
14,767	**Cost of Services in Comprehensive Income and Expenditure Statement**	**15,601**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2015/16	Portfolio Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	Cost of Services £000	Corporate Accounts £000	Total £000
Fees, charges & other service income	15,927	11,345	(1,230)	(10,494)	15,548	335	15,883
Interest and investment income	-	-	-	-	-	272	272
Income from council tax	-	-	-	-	-	7,166	7,166
Government grants and contributions	26,251	1,153	-	-	27,404	8,720	36,124
Total Income	**42,178**	**12,498**	**(1,230)**	**(10,494)**	**42,952**	**16,493**	**59,445**
Employee expenses	11,400	1,170	(338)	(200)	12,032	96	12,128
Other service expenses	43,651	4,233	(2,488)	(2,821)	42,575	248	42,823
Support service recharges	-	7,473	-	(7,473)	-	-	-
Depreciation, amortisation and impairment	-	4,448	(502)		3,946	501	4,447
Interest Payments	-	-	-	-	-	2,045	2,045
Precepts & Levies	-	-	-	-	-	739	739
Gain or Loss on Disposal of Property, plant & equipment	-	-	-	-	-	(287)	(287)
Gain or Loss on Non Current Deferred receipts	-	-	-	-	-	-	-
Total Expenditure	**55,051**	**17,324**	**(3,328)**	**(10,494)**	**58,553**	**3,342**	**61,895**
(Surplus) / deficit on the provision of services	**12,873**	**4,826**	**(2,098)**	**-**	**15,601**	**(13,151)**	**2,450**

2014/15	Portfolio Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	Cost of Services £000	Corporate Accounts £000	Total £000
Fees, charges & other service income	15,703	10,512	(1,408)	(9,367)	15,440	410	15,850
Interest and investment income	-	-	-	-	-	335	335
Income from council tax	-	-	-	-	-	7,111	7,111
Government grants and contributions	25,760	1,279	-	-	27,039	8,236	35,275
Total Income	**41,463**	**11,791**	**(1,408)**	**(9,367)**	**42,479**	**16,092**	**58,571**
Employee expenses	11,380	1,012	(374)	(72)	11,946	119	12,065
Other service expenses	42,689	2,878	(2,511)	(1,136)	41,920	169	42,089
Support service recharges	-	8,159	(80)	(8,159)	(80)	80	-
Depreciation, amortisation and impairment	-	3,223	237	-	3,460	(237)	3,223
Interest Payments	-	-	-	-	-	2,360	2,360
Precepts & Levies	-	-	-	-	-	728	728
Gain or Loss on Disposal of Property, plant & equipment	-	-	-	-	-	1,433	1,433
Gain or Loss on Non Current Deferred receipts	-	-	-	-	-	-	-
Total Expenditure	**54,069**	**15,272**	**(2,728)**	**(9,367)**	**57,246**	**4,652**	**61,898**
(Surplus) / deficit on the provision of services	**12,606**	**3,481**	**(1,320)**	**-**	**14,767**	**(11,440)**	**3,327**

30. Acquired and Discontinued Operations

There are no significant operations which were acquired or discontinued during the year.

31. Trading Operations

The Council manages St Johns Market, generating rental income from the letting of stalls. The trading objective is to break even before Capital Charges.

2014/15 £000		2015/16 £000
(410)	Turnover	(335)
368	Expenditure	344
(42)	**(Surplus) / Deficit**	**9**

32. Agency Services

The Council provides payroll services for Lichfield District Council but in line with the Council's materiality threshold, detailed disclosures are not shown.

33. Members Allowances

Members allowances paid during 2015/16 totalled £254,248.60 (2014/15 totalled £317,871.31). Further details are available on the Council's website. The reduction in payments relates to a boundary review and consequently a reduction in the number of councillors from 61 to 40.

34. Officers Remuneration

The following Senior Officers have taken flexible retirement and work reduced hours in both 2015/16 and 2014/15:

(a) Chief Executive working 4 days per week

(b) Head of Law and Administration working 4 days per week. His remuneration includes payment for acting as Solicitor and Monitoring Officer for Cannock Chase Council.

The remuneration paid to the Council's senior employees is as follows:

Senior Officers emoluments 2015/16 - salary is between £50,000 and £150,000 per year

Post Title		Salary, Fees and Allowances £	Benefits in Kind £	Pension Contribution £	Total £
Chief Executive		88,293	8,055	14,775	111,123
Head of Environment		71,153	5,312	11,943	88,408
Head of Human Resources		66,814	5,312	11,213	83,339
Head of Law & Administration		60,286	5,312	10,893	76,491
Head of Leisure & Culture		67,135	5,312	11,213	83,660
Head of Planning & Regeneration	(i)	53,732	5,312	9,019	68,063
Head of Policy & Improvement	(ii)	48,710	5,312	8,183	62,205
Head of Technology		57,881	5,312	9,712	72,905
		514,004	**45,239**	**86,951**	**646,194**

(i) The Head of Planning and Regeneration has taken flexible retirement and now works 3 days per week.

(ii) The Head of Policy and Improvement has taken flexible retirement and now works 4 days per week.

Senior Officers emoluments 2014/15 - salary is between £50,000 and £150,000 per year

Post Title		Salary, Fees and Allowances £	Benefits in Kind £	Pension Contribution £	Total £
Chief Executive		85,722	7,882	14,538	108,142
Head of Environment		70,352	5,198	11,752	87,302
Head of Human Resources	(iii)	71,782	5,198	12,047	89,027
Head of Law & Administration		60,952	5,198	10,718	76,868
Head of Leisure & Culture		66,098	5,198	11,033	82,329
Head of Planning & Regeneration		65,822	5,198	11,033	82,053
Head of Policy & Improvement		56,891	5,198	9,557	71,646
Head of Technology	(iii)	60,165	5,198	10,112	75,475
		537,784	**44,268**	**90,790**	**672,842**

(iii) The 2014/15 payment includes an element of backdated pay to 2013/14

The number of other employees within the Council receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are:

2014/15 Number of employees	Remuneration band	2015/16 Number of employees
1	£55,000 - £59,999	-
-	£60,000 - £64,999	1

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15 £000	2015/16 £000
£0 - £20,000	-	-	5	6	5	6	32	23
£20,001 - £40,000	-	-	2		2	-	61	
£40,001 - £60,000	-	-	1		1	-	46	
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**8**	**6**	**8**	**6**	**139**	**23**

35. External Audit Costs

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

2014/15 £		2015/16 £
69,585	Fees payable to the Grant Thornton with regard to external audit services carried out by the appointed auditor	52,189
7,880	Fees payable to the Grant Thornton for the certification of grant claims and returns for the year	8,779
(7,059)	Rebate from the Audit Commission during the year	-
70,406	**Total**	**60,968**

36. Grant Income & Precepts on the Collection Fund

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

2014/15 £000		2015/16 £000
	Credited to Taxation and Non Specific Grant Income	
6,383	Collection Fund Income (council tax- council)	6,427
728	Collection Fund Income (council tax - parishes)	739
(83)	NNDR Levy (S & STS) Business Rates Pool	(564)
16,264	NNDR Billing Authority Share of NDR Income	18,088
(14,104)	NNDR Tariff	(14,374)
2,889	Revenue Support Grant	2,066
477	Section 31 Small Business Grant	506
127	Retail Relief	225
1,339	New Homes Bonus Grant	1,686
70	Council Tax Freeze Grant	70
473	Disabled Facilities Grant	570
523	Section 106 capital grants	246
76	DCLG New Burdens Grant	21
106	Contributions	112
79	Other grants	68
15,347	**Total**	**15,886**
	Credited to Services	
	Portfolios	
24,328	Housing Benefit Subsidy	24,688
452	Housing Benefit Administration Grant	405
172	Cost of Collection Allowance	171
111	DCLG Local Council Tax Scheme Grant	90
-	Discretionary Housing Payments	127
88	Safer Communities Grant	-
55	Strategic health delivery	-
-	Neighbourhood Planning Grant	60
-	New Burdens re Property Searches	95
-	Preventing Homelessness Grant	117
-	Community Locality Fund	96
330	Elections	52
224	Other grants	350
25,760	Sub Total	26,251
	Amounts not reported to management for decision making	
1,279	Sports across Staffordshire	909
-	Elections	244
27,039	**Total**	**27,404**

Other grants shown in the tables above includes all grants received less than £50,000. The Council acts as the accountable body for the Sports across Staffordshire spend which does not form part of the Council's core budget.

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

(i) **Current Liabilities**

2014/15 £000		2015/16 £000
	Revenue Grants Receipts in Advance	
100	Sport England (SASSOT)	85
8	English Athletics (SASSOT)	8
320	Other Local Authorities	251
428	**Total**	**344**

(ii) **Long Term Liabilities**

2014/15 £000		2015/16 £000
	Capital Grants Receipts in Advance	
566	Section 106 Developers capital contributions	1,045
566	**Total**	**1,045**

The Council does not hold a donated assets account.

37. Related Parties

The Council is required to disclose material transactions with related parties, that is 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.

Central Government
Central government has significant influence over the general operations of the Council as 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 (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 29 on reporting for resources allocation decisions and in Note 36.

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2015/16 is shown in Note 33. Details of member's interest are recorded in the Register of Members' Interest maintained by the Council. During 2015/16 there were no significant works and services commissioned from companies in which members had an interest.

Officers
During 2015/16 there were no significant works or services commissioned from companies in which senior officers had an interest.

Other Public Bodies (subject to common control by central government)
There are no transactions with other public bodies in 2015/16 that are required to be disclosed.

Entities Controlled or Significantly Influenced by the Council
There are no transactions in 2015/16 with entities controlled by the Council that are required to be disclosed.

38. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table overleaf (including the value of assets acquired under finance leases), 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 used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2014/15 £000		2015/16 £000
6,480	**Opening Capital Financing Requirement**	**6,336**
	Capital Investment	
2,098	Property, Plant and Equipment	2,321
23	Intangible Assets	20
943	Revenue Expenditure Funded from Capital under Statute	1,153
	Sources of finance	
(208)	Capital receipts	(798)
(1,322)	Government grants and other contributions	(1,229)
	Sums set aside from revenue:	
(1,534)	Direct revenue contributions	(1,467)
(144)	Minimum Revenue Provision (MRP)	(123)
6,336	**Closing Capital Financing Requirement**	**6,213**

2014/15 £000		2015/16 £000
	Explanation of movements in year	
(144)	Increase/(Decrease) in underlying need to borrowing (unsupported by government financial assistance)	(123)
(144)	**Increase/(decrease) in Capital Financing Requirement**	**(123)**

The Council advanced in 2011/12 £2m with Lloyds Banking Group as part of the Local Authority Mortgage Scheme. This scheme is aimed at first time buyers and the advance reflects the Council's share of financial assistance through the provision of an indemnity. Lloyds Bank plc. required a five year deposit from the Council to match the five year life of the indemnity. The deposit placed with the bank provides an integral part of the mortgage lending and is treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of the total indemnity. The deposit is due to be returned in full at maturity, with interest paid either annually or on maturity. Once the deposit matures and funds are returned to the Council, the returned funds are classed as a capital receipt and the CFR will reduce accordingly. As this is a temporary (5 year) arrangement and the funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application. The deposit is due to be returned in November 2016.

At 31 March 2016 there were 72 completed loans with an estimated indemnity amount of £1,506,446. Based on a 2% potential default rate a cumulative provision of £30,629 has been set aside from interest receivable in earmarked reserves. It should be noted that, to date, there have been no defaults on mortgages advanced through the scheme.

39. Leases

Council as Lessee:

Finance Leases
The Council has acquired its administrative building under a finance lease.

The asset acquired under this lease are carried as Property, Plant and Equipment in the Balance Sheet at the following net amount:

31 March 2015 £000		31 March 2016 £000
1,871	Other Land and Buildings	2,323

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

31 March 2015 £000		31 March 2016 £000
	Finance lease liabilities (net present value of minimum lease payments):	
1	current	1
1,287	non-current	1,286
4,958	Finance costs payable in future years	4,855
6,246	**Minimum lease payments**	**6,142**

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

31 March 2015 Minimum Lease Payments £000	31 March 2015 Finance Lease Liabilities £000		31 March 2016 Minimum Lease Payments £000	31 March 2016 Finance Lease Liabilities £000
104	1	Not later than one year	104	1
416	5	Later than one year and not later than five years	416	5
5,726	1,282	Later than five years	5,622	1,281
6,246	**1,288**		**6,142**	**1,287**

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. In 2015/16 £368,919 contingent rents were payable by the Council (2014/15 £368,919).

The Council has sub-let some of the office accommodation held under this finance lease. At 31 March 2016 the minimum payments expected to be received under non-cancellable sub-leases were £133,000 (£99,000 at 31 March 2015).

Operating Leases
The Council does not have any assets held under operating leases.

Council as Lessor:

Finance Leases
The Council has no assets leased out as finance leases.

Operating Leases
The Council leases out property and equipment under operating leases for the following purposes:

- for economic development purposes to provide suitable affordable accommodation for local businesses and the voluntary sector

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

31 March 2015 £000		31 March 2016 £000
58	Not later than one year	16
94	Later than one year and not later than five years	25
7	Later than five years	134
159		**175**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There are no contingent rents receivable for either 2015/16 or 2014/15.

40. Impairment Losses

During 2015/16 the Council has recognised impairment losses of £329,000 in respect of Car Parks, Civic Centre, Other Offices and places under construction (2014/15 £8,000 in respect of car parks).

41. Termination Benefits

The Council terminated the contracts of 6 employees in 2015/16, incurring liabilities of £23,000 (£139,000 in 2014/15). The number of exit packages and total cost per band are set out in Note 34. The payments relate to Officers employed throughout the Council who have retired through medical incapacity/ill health (£20,000) or have come to the end of a fixed term contract (£3,000).

42. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in The Local Government Pension Scheme, administered locally by Staffordshire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Staffordshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Staffordshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund, the amounts required by statute as described in the accounting policies note.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post employment/ retirement benefits is reversed out of the General Fund 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.

2014/15 £000		2015/16 £000
	Comprehensive Income and Expenditure Statement	
	Service Cost	
1,812	Current service cost	2,184
14	Past service cost (including curtailments)	-
1,826	**Total Service Cost**	2,184
	Financing and Investment Income and Expenditure	
(2,777)	Interest income on scheme assets	(2,363)
4,631	Interest cost on defined benefit obligation	3,901
1,854	**Total Net Interest**	1,538
3,680	**Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services**	**3,722**
	Remeasurements of the Net Defined Liability Comprising:	
(7,384)	Return on plan assets excluding amounts included in net interest	1,576
-	actuarial (gains) / losses arising from changes in demographic assumptions	-
11,037	actuarial (gains) / losses arising on changes in financial assumptions	(6,094)
(925)	Other	(1,720)
2,728	**Total remeasurements recognised in other comprehensive income**	**(6,238)**
6,408	**Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**(2,516)**
	Movement in Reserves Statement	
(3,680)	reversal of net charges made to the (surplus) or deficit on the provision of Services	(3,722)
1,743	**Employers Contributions Payable to the Scheme**	2,036

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

2014/15 £000		2015/16 £000
(77,468)	Fair value of employer assets	(75,774)
122,523	Present value of funded liabilities	117,174
4,231	Present value of unfunded liabilities	3,808
49,286	**Net Liability arising from the Defined Benefit Obligation**	**45,208**

There is a difference between the pension liability and the pension reserve balance of £660,000. This reflects the amount of the actual past deficit payment made to the pension fund as compared to the amount due under statutory arrangements as reflected in the Pension reserve..

Reconciliation of the Movements in the Fair Value of Scheme Assets

2014/15 £000		2015/16 £000
68,261	**Opening fair value of scheme assets**	**77,468**
2,777	Interest income	2,363
	Remeasurement gain/(loss)	
7,384	Return on plan assets excluding the amounts included in net interest	(1,576)
2,877	Contributions from employer	1,562
503	Contributions from employees into the scheme	511
(4,334)	Benefits paid	(4,554)
77,468	**Closing Fair Value of Scheme Assets**	**75,774**

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)

2014/15 £000		2015/16 £000
114,016	**Opening fair value of scheme liabilities**	**126,754**
1,812	Current service cost	2,184
4,631	Interest cost	3,901
503	Contributions from scheme participants	511
	Remeasurement (gains)/losses:	
-	Actuarial (gains)/losses arising from changes in demographic assumptions	-
11,037	Actuarial (gains)/losses arising from changes in financial assumptions	(6,094)
(925)	Other	(1,720)
14	Past service cost	-
(4,334)	Benefits paid	(4,554)
126,754	**Closing Fair Value of Scheme Liabilities**	**120,982**

Local Government Pension Scheme Assets comprised:

	Period Ended 31 March 2016				**Period Ended 31 March 2015**			
	Quoted Prices in Active Markets £000	**Quoted Prices not in Active Markets £000**	**Total £000**	**Percentage Total of Asset £000**	**Quoted Prices in Active Markets £000**	**Quoted Prices not in Active Markets £000**	**Total £000**	**Percentage Total of Asset £000**
Equity Securities								
Consumer	5,400	-	5,400	7%	6,643	-	6,643	9%
Manufacturing	4,417	-	4,417	6%	-	-	-	0%
Energy and utilities	1,728	-	1,728	2%	2,014	-	2,014	3%
Financial Institutions	4,886	-	4,886	7%	4,944	-	4,944	6%
Health and Care	4,071	-	4,071	5%	3,251	-	3,251	4%
Information Technology	4,615	-	4,615	6%	3,005	-	3,005	4%
Other	90	-	90	0%	5,955	-	5,955	8%
Debt Securities								
investment grade	3,813	-	3,813	5%	5,881	-	5,881	8%
					-			
Private Equity								
All	-	2,371	2,371	3%	-	2,461	2,461	3%
Real Estate								
UK Property	-	6,726	6,726	9%	-	6,305	6,305	8%
Investment Funds and Unit Trusts								
Equities	25,755	-	25,755	34%	25,673	-	25,673	33%
Bonds	3,870	-	3,870	5%	4,141	-	4,141	5%
Hedge Funds	-	1,774	1,774	2%	-	1,852	1,852	2%
Other	-	2,120	2,120	3%	-	2,282	2,282	3%
Cash and Cash Equivalents								
All	4,138	-	4,138	6%	3,061	-	3,061	4%
Total Assets	**62,783**	**12,991**	**75,774**	**100**	**64,568**	**12,900**	**77,468**	**100**

Basis for Estimating Assets and Liabilities

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 dependant on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council operated Fund are based on the latest full valuation of the scheme as at 1 April 2013.

The significant assumptions used by the actuary have been:

2014/15		2015/16
	Mortality assumptions	
	Longevity at 65 for current pensioners:	
22.1	Men	22.1
24.3	Women	24.3
	Longevity at 65 for future pensioners:	
24.3	Men	24.3
26.6	Women	26.6
2.1%	**Rate of Inflation**	2.1%
4.0%	**Rate of increase in salaries**	4.1%
2.1%	**Rate of increase in pensions**	2.1%
3.1%	**Rate for discounting scheme liabilities**	3.4%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2014/15.

Change in Assumption at 31 March 2016	**Approximate % Increase to Employee Liability** %	**Approximate Monetary Value** £000
0.5% decrease in real discount rate	9%	11,410
1 year increase in member life expectancy	3%	3,629
0.5% increase in the salary increase rate	3%	3,026
0.5% increase in the pension increase rate	7%	8,226

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding strategy to recoup the past deficit over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed in 2016/17 financial year.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £45.208m has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary; and
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The Authority anticipates to pay £1,970,000 expected contributions to the scheme in 2016/17.

The weighted average duration of the defined benefit obligation for the funding scheme members is 17 years. This can be analysed further as follows:

	2015/16	
	Liability split %	**Weighted Average Duration Yrs**
Active Members	42.3	23.9
Deferred Members	14.5	22.5
Pensioner Members	43.2	11.4
Total	**100.0**	**17.0**

43. Contingent Liabilities

Municipal Mutual Insurance
Under the Municipal Mutual Insurance Limited Scheme of Arrangement, the Council has a potential claw-back should there be a deficit in the winding up of the company. An initial payment was made in 2013/14 for £65,000 based on a 15% levy notice, in 2015/16 a further creditor provision of £45,947 has been made to increase to a 25% levy. As there is no certainty on the remaining liability this has been left as a contingent liability. It is the view of the Board at the 31st March 2016 that a solvent run off of the Company's business cannot be guaranteed.

44. Contingent Assets

As part of the Town Centre redevelopment the Council will be granted a 250 year lease on the undercroft car park currently under construction. This is underwritten by a bond with a financial penalty if this does not occur.

45. Nature and Extent of Risks Arising from Financial Instruments

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.

Overall procedures for managing risks

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks.

Risk management is carried out by a central treasury section, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.)

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's sundry debtors.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standards & Poors Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three ratings agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays.

- credit watches and credit outlooks from credit rating agencies;
- sovereign ratings to select counterparties from only the most creditworthy countries
- Credit Default Swaps spreads to give early warning of likely changes in credit ratings

The Annual Investment Strategy for 2015/16 was approved by Full Council on 3 February 2015 and is available on the Council's website.

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 internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies is £21.6 million at 31 March 2016. The credit risk cannot be assessed generally, as a risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that is rare for such entities to be unable to meet their commitments. A risk of default applies to all of the Council's deposits, but there was no evidence at 31 March 2016 that this was likely to happen. The Government's deposit protection arrangements will limit any losses to the Council due to the guarantee given to the banks which are covered by the guarantee.

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

	Amount at 31 March 2016 £000 A	Historical experience of default % B	Historical experience adjusted for market conditions at 31 March 2016 % C	Estimated maximum exposure to default and uncollectability at 31 March 2016 £000 (A x C)	Estimated maximum exposure at 31 March 2015 £000
Customers (Sundry Debtors)	2,749	1	1	27	25
				27	25

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for customers (sundry debtors), such that £2.749m of the debtors balance of £6.399m (after provisions for bad debts) shown in note 16 is past its due date for payment. This balance can be analysed as follows:

31 March 2015 £000		31 March 2016 £000
446	Less than three months	408
25	Three to six months	54
7	Six months to one year	2
1,992	More than one year	2,285
2,470		2,749

During the period the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing £21.6m are due to be paid in less than one year.

Refinancing and Maturity Risk

The Council maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing the financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury section address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity of financial liabilities is as follows:

31 March 2015 £000		31 March 2016 £000
3	Less than one year	7,515
2,004	Between one and two years	3
8	Between two and five years	9
1,311	More than five years	1,307
3,326		**8,834**

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

Market Risk

Interest Rate Risk

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

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates - the fair value of the borrowings will fall (no impact on revenue balances)
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances)

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus and Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. 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 and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its planned treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The finance section will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(393)
Impact on Surplus or Deficit on the Provision of Services	(393)
Decrease in fair value of fixed rate investment assets	17
Impact on Other Comprehensive Income and Expenditure	17
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	63

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

Price Risk

The Council does not generally invest in equity shares or marketable bonds but does have investments in certificates of deposit to the value of £7.536 million at 31 March 2016.

These are all classified as Available for Sale meaning that all movements in price will impact on gains and losses recognised in the Available for Sale reserve. A general shift of 5% in the general price of shares (positive or negative would have resulted in a £2k gain or loss being recognised in the Available for sale reserve.

Foreign Exchange Risk

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

46. Trust Funds

The Council acts as custodian trustee for two charities. As a custodian trustee, the Council holds the property but takes no decisions on its use. The funds do not represent the assets of the Council and therefore they have not been included in the Balance Sheet.

	Income	Expenditure	Assets	Liabilities
2015/16	**£**	**£**	**£**	**£**
Sidney's	246	-	4,392	-
Izaak Walton	-	-	102	-
Total	**246**	**-**	**4,494**	**-**

	Income	Expenditure	Assets	Liabilities
2014/2015	**£**	**£**	**£**	**£**
Sidney's	241	-	4,146	-
Izaak Walton	-	-	102	-
Total	**241**	**-**	**4,248**	**-**

47. Heritage Assets Five Year Summary of Transactions

There have been no acquisitions or disposals of the Council's heritage assets in the five year period ended 31 March 2016. A summary of the heritage assets held by the Council is set out in Note 13.

48. Heritage Assets: Further Information on the Collections Held

Civic Regalia

The Council's Civic Regalia includes items such as civic chains and items in connection with civic duties.
Items are held and governed under Council regulations and procedures governing all Council assets.

Art Collection at Civic Offices

The Collection contains paintings and Coats of Arms and China held at the Civic Offices. In addition the Council owns a painting by Matthew Craddock which was donated by Sir Hugh Fraser of Bradshaw.

Art Collection at Heritage Sites

(i) Statue of Izaak Walton

The statute of Izaak Walton was presented to the people of Stafford by the Staffordshire Newspaper to commemorate the Second Millennium. The statute depicts Izaak Walton in an angling repose on the banks of the River Sow.

(ii) Collection at the Ancient High House Museum

The Ancient High House Museum opened in 1987 following extensive restoration work. The museum currently houses the museum of the Staffordshire Yeomanry and exhibitions are staged throughout the year reflecting Stafford's history.

The Collection covers items reflecting the social context of the building including furniture, decorative art, tools and utensils from the late Tudor period up until the Edwardian/Georgian age. It includes 5,000 photographic slides, posters, and 18th and 19th Century Wallpaper. The Collection also included an intricately carved 16th Century coat of arms which was presented to the Corporation of Stafford by Mayor William Feake in 1677, and a picture of Thomas Sidney, one of only three Staffordians to become Mayor of London.

(iii) Collection at Izaak Walton Cottage

The Izaak Walton Cottage Museum opened in its current form in 1990 and houses exhibits dedicated to social history interpreting the life and times of Izaak Walton on the ground floor and angling artefacts and Izaak's written works on the first floor. There are approximately 350 objects and 200 photographs in the Collection.

(iv) First Edition of the Compleat Angler by Izaak Walton

Izaak Walton's book, The Compleat Angler, was first published on 9 May 1653 and is arguably the most important book in Old English style, having gone through over 600 editions since the author's death. Besides angling advice, the book expounds a philosophy for life which has value and relevance today.

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

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

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and National Non Domestic Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund (surpluses) / deficits for Council Tax declared by the billing authority on 15 January each year, are apportioned to the relevant precepting authorities in the subsequent financial year. The major precepting authorities are Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Stoke-on-Trent and Staffordshire Fire and Rescue Authority.

In 2013/2014 the local government finance regime was revised with the introduction of the Business Rates Retention Scheme. Business Rates now forms part of the funding of local authorities whereby the income is shared between the Government/County Council/Fire authority and the District Council. Stafford Borough are set a predetermined overall level of Business Rates income and retain 40% of that figure; any growth above that level is then subject to a 50% levy that is paid to the Staffordshire and Stoke-on-Trent Business Rates Pool. Surpluses and deficits declared by the billing authority on 30 January each year are apportioned to the precepting bodies in the subsequent financial year.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure Account is included in the Council's accounts. The Collection Fund Balance Sheet is incorporated into the Council's Consolidated Balance Sheet.

2014/15			**2015/16**	
Total		**Business Rates**	**Council Tax**	**Total**
£000		**£000**	**£000**	**£000**
	Income			
63,026	Council Tax Receivable	-	64,614	64,614
44,132	Business Rates Receivable	45,864	-	45,864
107,158	**Total Income**	**45,864**	**64,614**	**110,478**
	Expenditure			
	Precepts and Demands			
48,034	Staffordshire County Council	4,088	45,862	49,950
23,686	Stafford Borough Council	18,170	6,469	24,639
682	Parishes	-	693	693
3,339	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	454	3,020	3,474
7,630	Office of the Police and Crime Commissioner Staffordshire	-	7,778	7,778
21,675	Payments to Central Government	22,712	-	22,712
105,046		**45,424**	**63,822**	**109,246**
	Charges to Collection Fund			
264	Write offs of uncollectable amounts	258	189	447
532	Increase in bad debts provision	150	564	714
3,101	Increase in provision for appeals	(37)	-	(37)
-	Interest	25	-	25
3	Transitional Protection Payments to Pool	78	-	78
171	Costs of Collection	170	-	170
501	Distribution of estimated Collection Fund Surplus (NNDR1)	1,507	-	1,507
109,618	**Total Expenditure**	**47,575**	**64,575**	**112,150**
2,460	**(Surplus)/Deficit for Year**	**1,711**	**(39)**	**1,672**
	Movement of Collection Fund Balances			
191	**Balance brought Forward**	**3,196**	**(545)**	**2,651**
2,460	Add (Surplus)/Deficit for the Year	**1,711**	**(39)**	**1,672**
2,651	**Balance Carried Forward**	**4,907**	**(584)**	**4,323**

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

1. Council Tax Base and Council Tax Levels

Council Tax income is derived from charges made to taxpayers according to the value of residential properties. Charges are levied in accordance with the valuation band assigned to a property.

The calculation of the Council Tax chargeable in any year is obtained by dividing the total of the precepts and the demands made on the fund by the Council's Tax Base, which represents the total equivalent number of Band D properties as adjusted for discounts and an estimated collection rate of 98.5%. The following shows how the tax base for the year was calculated and the amount of tax chargeable for the year.

Council Tax Base 2015/16

Band		Number of Properties (adj for discounts)	Ratio	Band D Equivalent
A	Disabled	26.64	5/9	14.80
A		9,843.00	6/9	6,562.00
B		11,291.40	7/9	8,782.20
C		11,495.03	8/9	10,217.80
D		8,081.80	1	8,081.80
E		5,422.99	11/9	6,628.10
F		3,050.58	13/9	4,406.40
G		1,453.86	15/9	2,423.10
H		66.50	2	133.00
		50,731.80		47,249.20
	Other Adjustments and Discounts			(3,457.10)
				43,792.10

The Council Tax base for 2015/16 was 43,792.10 (2014/15 42,961.31)

2. Council Tax Chargeable for a Band D Property

2014/15 Council Tax £		2015/16 Precept £000	2015/16 Council Tax £
1,027.25	Staffordshire County Council	45,862	1,047.28
147.72	Stafford Borough Council	6,469	147.72
15.88	Parish Council (Average)	693	15.83
177.61	Office of the Police and Crime Commissioner - Staffordshire	7,778	177.61
67.64	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	3,020	68.96
1,436.10	**Total**	**63,822**	**1,457.40**

Individual amounts chargeable are derived from the above according to property banding and individual Parish Demands.

3. Non-Domestic Rates (NNDR)

The Council is responsible for the collection of Non-Domestic Rates from businesses in its area.

The rates payable, subject to reliefs and reductions, are calculated on the basis of Rateable Value of individual properties (provided by the Valuation Office Agency) multiplied by a specified rate as determined by Central Government. The specified rate for 2015/16 was 49.3p (2014/15 48.2p).

The total non-domestic rateable value at 31 March 2016 was £111.199M (£110.695M at 31 March 2015).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the VOA and hence business rates outstanding as at 31 March 2016. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares.

4. The Fund Balance

The movement in the Council Tax Collection Fund balance is summarised as follows:

2014/15 Fund Balance at 31 March 2015 £000		2015/16 Surplus in year (Net Position) £000	2015/16 Fund Balance at 31 March 2016 £000
(60)	Stafford Borough Council	(4)	(64)
(392)	Staffordshire County Council	(28)	(420)
(66)	Office of the Police and Crime Commissioner - Staffordshire	(5)	(71)
(27)	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	(2)	(29)
(545)		**(39)**	**(584)**

There was no recovery or distribution of any surplus or deficit in the year of Council Tax.

The movement in the Business Rates Collection Fund Balance is summarised as follows:

2014/2015 Fund Balance at 31 March 2015 £000		2015/16 Deficit in year (Net Position) £000	2015/16 Fund Balance at 31 March 2016 £000
1,279	Stafford Borough Council	684	1,963
288	Staffordshire County Council	154	442
1,598	Central Government	855	2,453
31	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	18	49
3,196		**1,711**	**4,907**

The deficit for the year includes a distribution of the estimated surplus of £1.507 million as at the 15 January 2015 position.

5. Precepts and Demands on the Collection Fund

The following authorities have made a Precept / Demand on the Collection Fund:

2014/15 Precept/ Demand less Share of Surplus £000	Council Tax	2015/16 Precept/ Demand for Year £000	2015/16 Less Share of Surplus £000	2015/16 Precept/ Demand for Year £000
6,346	Stafford Borough Council	6,469	-	6,469
682	Parishes	693	-	693
44,132	Staffordshire County Council	45,863	-	45,863
7,630	Office of the Police and Crime Commissioner - Staffordshire	7,777	-	7,777
2,906	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	3,020	-	3,020
61,696		**63,822**	**-**	**63,822**

The following authorities have made a demand on the Collection Fund for Business Rates (the Demand is determined in accordance with regulations) and reflects the estimate outturn reported to Government and other precepting bodies in the NNDR1 return and the designated percentage share:

2014/15 Precept/ Demand for Year £000	Business Rates	2015/16 Precept/ Demand for Year £000
17,340	Stafford Borough Council (40%)	18,170
3,902	Staffordshire County Council (9%)	4,088
21,675	Central Government (50%)	22,712
433	Stoke-on-Trent and Staffordshire Fire and Rescue Authority (1%)	454
43,350		**45,424**

The precept / demand for the year includes the payment of the surplus recorded in NNDR1 of £1.507 million in accordance with statutory requirements.

The amount in relation to Stafford Borough Council forms part of the General Fund accounts and is subject to the Tariffs and Levy arrangements of the Business Rates funding regime.

6. Provision for Appeals

As at 31 March 2016 the estimated value of valid appeals against Rateable Value amounts to £35.089 million. The provision reflects an estimated liability covering the period 1 April 2010 to 31 March 2016.

GLOSSARY OF FINANCIAL TERMS

For the purpose of the Statement of Accounts and the interpretation of CIPFA's Code of Practice, where appropriate, the following definitions have been adopted.

Accounting Concepts

The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the local authority.

Accounting Policies

Accounting policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy, for example, will specify the estimation basis for accruals where there is uncertainty over the amount.

Accruals

The concept that items of income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Agent

This is where the Council when providing a service is acting as an intermediary which is not part of the councils core business.

Balance Sheet

This shows a summary of the overall financial position of the Council at the end of the financial year.

Business Rates

The level of business rates income eligible for pooling under the business rates retention funding regime.

Capital Adjustment Account

This reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

Capital Charges

Charges to service revenue accounts to reflect the cost of property, plant and equipment used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of fixed assets or expenditure, which adds to and does not merely maintain existing assets.

Capital Receipts Reserve

Income received from the sale of capital assets a specified proportion of which may be used to finance new capital expenditure. The balance is set aside in the form of a provision to meet credit liabilities.

Carrying Amount

This is the amount at which an asset is recognised on the balance sheet after deducting any accumulated depreciation and impairment.

Cash Equivalents

Short term highly liquid investments that are convertible into cash within 24 hours and are subject to insignificant risk of changes in value.

CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is one of the leading accountancy bodies in the United Kingdom and specialises in public services.

Code of Practice

This is the Statement of Recommended Practice which was the framework for published accounts to 31 March 2016.

Collection Fund

A fund accounting for Council Tax and Non-Domestic Rates received by the Council and the payments which are made from the fund including precepts to other authorities, the Council's own demand and payments to the NNDR pool.

Collection Fund Adjustment Account

This account represents the Council's share of deficit on the Collection Fund and absorbs timing differences in distribution of surplus / deficits between statutory requirements and full accruals accounting.

Community Assets

Assets which the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would have been incurred by a series of independent, single purpose, nominated bodies managing the same services.

Current Service Cost

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Curtailment

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- termination of employees' services earlier than expected
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Creditors

Amounts owed by the Council for goods and services, where payments have not been made at the end of the financial year.

Debtors

Amounts owed to the Council for goods and services, where the income has not been received at the end of the financial year.

Deferred Credits

These consist of deferred capital receipts, which are amounts derived from the sales of assets which will be received in instalments over agreed periods of time.

Defined Benefit Pension Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

Depreciable Replacement Cost (DRC)

This is a method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence.

Depreciation

The measure of the cost or revalued amount of the benefits of the property, plant & equipment that have been consumed during the period. Consumption includes wearing out, using up or other reduction in the useful life whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Discontinued Operations

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all of the following conditions are met:

- the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- the activities related to the operation have ceased permanently;
- the termination of the operation has a material effect on the nature and focus of the local authority's operations and represents a material reduction in its provision of local services resulting either from its withdrawal from a particular activity (whether a service or division of service or its provision in a specific geographical are) or from a material reduction in net expenditure in the local authority's continuing operations;
- the assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes. Operations not satisfying these conditions are classified as continuing.
- activities are discontinued where they cease completely and are not simply transferred to another part of the public sector.

Emoluments

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Expected Rate of Return on Pension Assets

For a funded defined benefit pension scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fees and Charges

Income arising from the provision of services.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of property, plant or equipment to the lessee from the lessor. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term includes trade receivables and payables, borrowings, financial guarantees, bank deposits, investments, swaps, forwards and options, debt instruments with embedded swaps or embedded options.

Financial Reporting Standards (FRSs)

Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRSs) and the earlier Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.

Financial Year

Period of time to which a Statement of Accounts relates. The financial year of the Council runs from 1st April to 31st March.

GAAP

GAAP (Generally Accepted Accounting Principles), is the standard framework of guidelines for financial accounting. It includes standards, conventions and rules accountants follow in recording and summarising transactions, and in the preparation of financial statements.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfer of assets to a local authority in return for past or future compliance with certain conditions relating to the activities of the local authority.

Heritage Assets

These are assets held by the Council principally for their contribution to knowledge and culture, it does not relate to assets used in the delivery of services.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Income and Expenditure Account

The Income and Expenditure account combines the income and expenditure relating to all the Council's functions including the General Fund and the Collection Fund. It is structured on the basis of the private sector and thereby excludes calculations done due to statutory and non statutory practices e.g. gains and losses on the sale of fixed assets and statutory provision for the repayment of debt.

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure are highways and footpaths.

Intangible Assets

Intangible assets are those assets whereby access to the future economic benefits that it represents is controlled by the reporting entity, either through custody or legal protection. Examples include development expenditure and goodwill.

Interest Cost

For a defined benefit pension scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments which do not meet the above criteria should be qualified as current assets.

Leasing

Method of financing the provision of various capital assets, usually in the form of an operating lease, which do not provide for the title to the asset to pass to the Council.

Liquid Resources

Current investments that are readily disposable by the Council without disrupting its business and are readily convertible to cash.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to an Council's revenue accounts each year and set aside as a provision to meet the Council's credit liabilities.

National Non-Domestic Rate (NNDR)

Amounts payable to local authorities from non-domestic properties. The rate poundage is set nationally and amounts collected by local authorities are subject to arrangements as determined under the business rates retention scheme.

Net Book Value

Amount at which property, plant & equipment are included in the balance sheet, i.e. their historical cost or current value value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

Cost of replacing or recreating the particular asset in its existing condition and in its existing use, ie the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Debt

The Council's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

Net Realisable Value

Open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non Distributed Costs

These are overheads that are not apportioned to services to accord with CIPFA's Best Value Accounting Code of Practice.

Non-Operational Assets

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases

A lease other than a finance lease.

Operational Assets

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Past Service Cost

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet Events

Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept

Demands made upon the collection fund by other authorities (Staffordshire County, Police and Fire Authorities) for the services that they provide.

Principal

This is when the Council is providing a service as part of its own core business.

Prior Year Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

Property, plant & equipment

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Provisions

Amounts set aside to meet liabilities or losses which are likely to be incurred but where the amount remains uncertain.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Public Works Loan Board (PWLB)

Central Government Agency which lends money to local authorities usually at interest rates which are more favourable than those found elsewhere.

Related Party

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

Reserves

Sums set aside to meet future expenditure for specific purposes.

Revaluation Reserve

This is used to record the net gain from revaluations made after 1 April 2007.

Revenue Expenditure

Expenditure on the day-to-day running of the Council, including employee costs, running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (Formerly Deferred Charges)

Expenditure that is not capital in accordance with generally accepted accounting principles but which statute allows to be funded from capital resources.

Revenue Support Grant (RSG)

Grant paid to local authorities by Central Government to help finance its general expenditure. It is determined under the SSA system.

Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

SeRCOP

SeRCOP (Service Reporting Code of Practice) provides guidance on local authority financial reporting to stakeholders below the Statement of Accounts level. It aims to ensure consistency in reporting across local authorities.

Settlement

An irrevocable action that relieves the employer (or the defined benefit pension scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Stocks

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Termination Benefits

These are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Useful Life

Period over which the local authority will derive benefits from the use of a fixed asset.

APPENDIX 1

STAFFORD BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT 2015-16

1 SCOPE OF RESPONSIBILITY

1.1 Stafford Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, Stafford Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

1.3 Stafford Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government.* A copy of the code is on our website at http://www.staffordbc.gov.uk/live/welcome.asp?id=5823 or can be obtained from the Head of Law and Administration. This statement explains how Stafford Borough Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1)(b), which require all relevant authorities to prepare an annual governance statement.

2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1 The governance framework comprises the systems and processes, culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Stafford Borough Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

2.3 The governance framework has been in place at Stafford Borough Council for the year ended 31st March 2016 and up to the date of approval of the Annual Governance Statement.

3 THE GOVERNANCE FRAMEWORK

3.1 The 6 key principles of good governance together with the key elements of the systems and processes that supports these principles are outlined below.

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
• The Borough Council has agreed its Corporate Plan for the period of the present political administration and as part of the budgetary process compiles an action plan to achieve its four priorities. The Corporate Plan and the four priorities contained in it were developed following consultation with the Police Citizens Panel and using data provided by the Staffordshire Observatory. • The Authority has used the Stafford Borough District Profile to assist in the revision of the action plan to the four year Corporate Plan. • A Business Management and Reporting Framework is in place which focusses on and monitors achievement of the Council's priorities and service improvement, including Corporate Governance issues. This includes future arrangements for reviewing the Corporate Action Plan annually in November as part of the budget process to establish a golden thread between resources and achievement of vision /priorities. This allows service planning to be undertaken at officer level and also adjustment of performance targets in line with various projects for submission to scrutiny committees from 1 April each year. • There is a performance management framework to monitor and report on identified performance measures in order to secure continuous improvement in services. Performance is measured through former national and local Performance Indicators – these are published in "In pursuit of success". • Regular monitoring of income and expenditure levels ensures that financial balance is maintained and action is taken where necessary to address any shortfalls in income or overspends. The position is discussed with the Chief Executive and the Head of Finance on a regular basis and then reported to Cabinet members on a monthly basis and to all members on a quarterly basis. • The Borough Council measures public satisfaction with its services on a regular basis. The customer contact centre undertakes 100 telephone surveys per month in respect of customers that have used that particular provision. Random customer surveys are undertaken at our principal reception areas to measure satisfaction of residents who personally visit the Council. Other satisfaction surveys are carried out by individual services. • A complaints procedure is in place for investigating complaints from the public. The Resources and Corporate Services Scrutiny Committee consider the level and nature of corporate complaints on an annual basis. • Stafford Borough Strategic Partnership brings together significant partners from the public, private, community and voluntary sectors operating in Stafford Borough for the purpose of focusing on the needs and aspirations of the community with particular reference to community safety, health and wellbeing and housing and employment.

2. Members and officers working together to achieve a common purpose with clearly defined functions and roles

- The Council operates under the Leader and Cabinet model. The Council's Constitution clarifies the roles and responsibilities of the Executive and Committees.
- The Scheme of Delegations identifies those areas of decision-making and day-to-day operations that have been delegated to Senior Officers and those matters reserved for Members.
- There is a Protocol for Officer / Member relations as part of the Constitution to assist in defining the separate roles and aid appropriate communication.
- The Council has 3 statutory officers in place:
  - Head of Paid Service – the Chief Executive – overall responsibility for the day-to-day management of the Council
  - The s151 Officer – the Head of Finance – has overall responsibility for the proper administration of the council's financial affairs and ensuring that public money is safeguarded at all times. The council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) in that:
    - he is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the council's financial strategy;
    - he is a member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the council's strategic objectives sustainably and in the public interest;
    - he leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

    In delivering these responsibilities he directs a finance function that is resourced to be fit for purpose and includes staff that are professionally qualified and experienced.
  - The Monitoring Officer - the Head of Law and Administration is responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations are complied with. He reports to the Council, Executive and Committees with legal implications being referred to the Council's Legal Services Unit, which employs qualified and experienced staff. There is a system for bringing new legislation to the notice of officers.
- A corporate Leadership Team which includes the 3 statutory officers is in place to support the Cabinet and Scrutiny Committees, and to manage operational services.
- Members allowances are dealt with by an independent panel. The Council's Pay Policy details the arrangements for paying employees. Chief Officers' salaries have been determined through a Hay Evaluation process and other employees' grades are determined through the job evaluation process / Single Status agreement.

3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- There are Codes of Conduct in place for Members and Employees. The Codes of Conduct have been approved and adopted by the Council and are available to all members and officers as part of the Constitution.

- The Codes of Conduct require Members and employees to declare specified outside interests, which could influence decision making.

- Any complaints about Members' conduct are dealt with by the Standards Committee. A procedure for handling complaints has been approved by Council. Complaints about employees conduct can be initiated through various mechanisms.

- The Council's values are laid out in the Corporate Plan. The document "Our Values" is available on the intranet and as a paper document.

- Training and awareness sessions are provided for members and officers, and officers are reminded of their duty to declare interests and hospitality.

4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

- There are 3 Scrutiny Committees in place to monitor and challenge the performance of the Council and partner organisations where appropriate. There is a Call-in process in place to challenge where appropriate decisions made by Cabinet. Task and Finish reviews are undertaken by the Scrutiny Committees. Meetings are held with Scrutiny Committee Chairmen to discuss issues arising out of the Scrutiny process

- There is an Audit and Accounts Committee in place, which is independent of the Cabinet and the Scrutiny Committees. The Committee's remit is to monitor the effectiveness of the council's corporate governance arrangements including the system of internal controls

- Reports are prepared for the Cabinet which include all relevant information. All reports are consulted on with appropriate financial and legal officers and are accompanied by a comprehensive checklist signed off by the reports author. All reports that involve expenditure fully evaluate the financial implications of the proposal with any associated risks. Committee reports and minutes show reasons for decisions made.

- There is a risk management policy and strategy in place. This provides for:-

  - the identification, prioritisation and control of strategic risks / opportunities;
  - monitoring of risk management action plans by Leadership Team and the Cabinet;
  - progress reports to the Audit and Accounts Committee on the management of strategic risks; and
  - risk management implications are included in committee reports.

- There is a system of internal control in place. At the core of this is the Council's various policies, regulations and procedures eg Financial Regulations, Contract Procedure Rules, HR Policies, etc.

- Internal Audit review systems and their controls to provide assurance and recommendations for improvement. This work includes ensuring compliance with policies, procedures, laws and regulations. Internal Audit operates to an annual audit plan which is based on an assessment of risk to ensure that the areas of highest risk are reviewed.

- The Section 151 officer with the support of Internal Audit ensures that there are adequate financial control mechanisms in place to safeguard the Council's assets.

- There is a Confidential Reporting policy in place to encourage anyone to feel confident about raising serious concerns about practices and to provide avenues by which to raise those concerns and to receive feedback on any action taken. This can be accessed via the Council's website.

5. Developing the capacity and capability of members and officers to be effective
<u>Members</u>: • Member training requirements are based on the following information sources: (i) a formal Induction programme for all Members of the Council after each election; (ii) an audit of training requirements undertaken of all new and existing members; (iii) a periodic survey of members training needs; and (iv) consideration of Corporate Priorities. • In-house training is provided as and when necessary. Members attend external courses and conferences as appropriate. • Members assess their own skills through a training needs survey and identify where training is required. For new issues, training is offered to Members as appropriate. <u>Employees</u>: • There is an Induction Programme in place. • Training needs (to support both service delivery and personal development) are identified by the annual Performance and Development reviews (PDR). The Training Officer identifies courses where appropriate for common skills gaps. There is a Corporate Training Budget to fund approved training • Career development is encouraged through the Personal Development Reviews and opportunities provided for training, mentoring, secondments.
6. Engaging with local people and other stakeholders to ensure robust local public accountability
• The authority is open and accessible to the community, service users and its employees. The Council is accessible via the Contact Centre, Reception, website. Engagement with the Community and stakeholders takes place through a variety of mechanisms: ➢ Community Forums ➢ Website ➢ Social Media ➢ Some specialist community groups in place eg for the disabled • With regards to communication with all sections of the community and stakeholders, the Council's website has a section designated for consultation exercises and where appropriate invitations for comments are requested by press and media. • The Council is committed to openness and transparency in all its dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so. Meetings are held in public except where confidential issues are discussed and the law permits private meetings. The Council complies with the guidelines on publishing transparent data.

3.2 A key element of the Council's governance arrangements concerns safeguarding. Stafford Borough Council has both a moral and legal obligation to ensure a duty of care for children and vulnerable adults across its services. We are committed to ensuring that all children and vulnerable adults are protected and kept safe from harm whilst engaged in services organised and provided by the Council. We do this by:

- Having a Child and Adult Protection Policy and procedure in place endorsed by the Staffordshire Safeguarding Children Board and Staffordshire and Stoke Adult Safeguarding Partnership
- Having child and adult protection processes which give clear, step-by-step guidance if abuse is identified
- Safeguarding training programme in place for staff and members

- Carrying out the appropriate level of DBS checks on staff and volunteers
- Working closely with Staffordshire Safeguarding Children Board and Staffordshire and Stoke-on-Trent Adult Safeguarding Partnership

4 REVIEW OF EFFECTIVENESS

4.1 Stafford Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the council who have responsibility for the development and maintenance of the governance environment, by input from Members, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is set out below.

4.2 **The Audit and Accounts Committee -** monitors the effectiveness of risk management, reviews corporate governance issues, the work of Internal Audit and the anti fraud and corruption arrangements throughout the year.

4.3 Review of the Constitution - the Resources and Corporate Services Scrutiny Committee reviews the Constitution annually and makes recommendations to the Authority. The Council considers the updates to the Constitution and approves it.

4.4 **Internal Audit –** is responsible for reviewing the effectiveness of the Council's system of internal control and reporting on its adequacy. Internal Audit is a key source of assurance for the Annual Governance Statement and as such it is essential that the Internal Audit function operates in accordance with best practice:

(i) Internal Audit operates in accordance with the Public Sector Internal Audit Standards.

(ii) A review of the effectiveness of internal audit has been undertaken. This review has been undertaken via a self-assessment and a review by the Head of Governance. The review concluded that the system of internal audit is operating effectively and assurance can be taken from the work of Internal Audit.

Internal Audit reviews the internal control system following an audit plan based on an assessment of the potential risks for the various systems and procedures. The work undertaken on the annual audit plan for 2015-16 has been used to provide an independent view on the adequacy of the governance framework.

In their annual report to the Audit and Accounts Committee, the Internal Audit section has independently assessed the Council's internal control environment as being satisfactory overall based on their work during the year. Internal Audit have not identified any issues for inclusion in the Annual Governance Statement.

During the year where weaknesses in internal control were identified, assurance was provided that these had been or would be resolved in an appropriate manner. Such cases will continue to be followed-up as part of the routine operation of the Internal Audit function.

4.5 **External Audit** - during the year the Council received the following key reports:

(i) Audit Findings (Dated 17 August 2015 and reported to Audit and Accounts Committee on 10 September 2015); and
(ii) Annual Audit Letter (dated 14 October 2015 and reported to Audit and Accounts Committee on 3 December 2015)

Both reports offered an unqualified opinion on the Council's financial statements and its arrangements for value for money and effective use of resources. No significant concerns were identified.

4.6 **Risk Management –** the Audit and Accounts Committee receive regular progress reports regarding risk management arrangements. A revised risk management policy and strategy was approved by Cabinet in May 2016. There are currently 2 red risks for inclusion as significant governance issues:

- Failure to deliver the infrastructure associated with the Growth Agenda; and
- Viability /funding of Stafford Borough Council as a result of public expenditure reductions and changes to the Government's funding regime.

Three amber risks have also been identified for inclusion through other assurance sources and are attributed accordingly.

4.7 **Statements of Assurance from Heads of Service** - assurances were sought from the Heads of Service as to the effectiveness of a number of aspects of the Governance Framework as it operates in their service areas. The following has been identified as a significant governance issue:

- Retendering of the Waste Management Contract.

4.8 **Statements of Assurance from the Statutory Officers** - assurances have been sought from the Head of Paid Service (ie Chief Executive), the Monitoring Officer (Head of Law and Administration) and the s151 Officer (Head of Finance) with regard to their responsibilities for governance. The following have been identified as significant governance issues:

- The viability/funding of Stafford Borough Council as result of public expenditure reductions and changes in Government Funding Regime;

- Delivery of the project to outsource the Leisure and Culture Service; and
- Delivery of the new Waste Management Contract.

4.9 Safeguarding Officer – assurance has been sought from the Council's nominated Safeguarding Officer as to the adequacy of the Council's arrangements. No significant governance issues have been identified.

4.10 **Leadership Team** – in addition to the individual Heads of Service and Statutory Officers assurances, the members of Leadership Team have been consulted on the draft annual governance statement and the significant governance issues that should be included within it. The Leadership Team have not identified any additional significant issues.

4.11 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Accounts Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions are outlined below.

5 SIGNIFICANT GOVERNANCE ISSUES

5.1 All significant governance issues are included in the action plan below.

ISSUE	OFFICER RESPONSIBLE	TARGET DATE
Issues arising from the review of the Governance Framework:		
(i) Revision of the Council's Code of Corporate Governance	Head of Law and Administration and the Head of Governance	September 2016
(ii) Review of the Employee's Code of Conduct	Head of Human Resources, Head of Law and Administration and Head of Governance	March 2017
(iii) Review of Financial Regulations	Head of Finance	October 2016

ISSUE	OFFICER RESPONSIBLE	TARGET DATE
Information Governance An information governance framework is to be established under the direction of a nominated SIRO. This will include a review of the existing arrangements for Data Protection and Freedom of Information. An IT Strategy is also being produced as part of this framework	Head of Law and Administration Head of Technology	December 2016 September 2016
Public Service Reductions in the borough of Stafford Actions include: • Active approach to consultation on service changes; • Negotiations on proposals; • Understanding and identifying the impact across the district as a whole; and • Working more closely with partners.	Chief Executive / Head of Policy and Improvement	Ongoing
Waste Management Contract Cabinet has agreed the preferred outlines of the Term 5 Contract. A detailed Options Appraisal and Contract Specification are to be submitted to Cabinet for approval, for the OJEU procurement process to be published in August 2016. Contract Award will be confirmed in May 2017.	Head of Environment	Contract to be awarded in May 2017
Town Centre An action plan to accompany the town centre development strategy that was jointly commissioned by the Borough and County Councils has been produced, and is now being implemented.	Head of Planning and Regeneration	Ongoing

ISSUE	OFFICER RESPONSIBLE	TARGET DATE
Infrastructure associated with the Growth Agenda This is key to meeting the Borough's 10 year housing supply. Additional bids are to be submitted to the Local Growth Fund for new roads. Viability work is to be undertaken for strategic housing sites.	Head of Planning and Regeneration	December 2016
Budgetary Issues A balanced budget exists for 2016/17 and 2017/18 with a contribution to working balances in each of the years. A material deficit exists in 2018/19 and the financial plan includes the progression of the creation of a Charitable Trust for Leisure and Culture and a reduction in the Council's Capital borrowing requirement to partly address this. Work is ongoing to address the initiatives contained in the Financial Plan and ensure efficiencies are identified and implemented as soon as practically possible.	Chief Executive / Head of Finance	Ongoing
Outsourcing of the Leisure and Culture Service Delivery of the project to outsource the Leisure and Culture Service. The project aims to ensure that savings are achieved whilst service levels are maintained and the Council retains control and influence over the future of the service.	Head of Leisure and Culture	October 2017

5.2 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

(Signed) ____________________________ (Dated) _______________

Chief Executive

(Signed)____________________________ (Dated) _______________

Leader of the Council