



DRAFT

**Financial Statements
for the year ended
31 March 2017**

Finance and Asset Management
Simon Dix
Head of Service

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STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that
- a. one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance and Asset Management.
- b. Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- c. Approve the financial statements.

The Head of Finance and Asset Management's Responsibilities

The Head of Finance and Asset Management is responsible for the preparation of the Council's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this financial statements, the Head of Finance and Asset Management has:

- a. Selected suitable accounting policies and then applied them consistently.
- b. Made judgements and estimates that were reasonable and prudent.
- c. Complied with the local authority Code.

The Head of Finance and Asset Management has also:

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

I certify that the financial statements on pages 2 to 84 is the relevant financial statements for the audit certificate and opinion and presents a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31st March 2017.



S J Dix

Head of Finance and Asset Management.

Date: 24.05.17

Signature of the presiding member at the meeting that approves the accounts (Chair of Audit Committee)

Councillor V Smith

Date:

Expenditure and Funding Analysis

Net Expenditure Chargeable to the General Fund £'000	2015/2016 Adjustments between the Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the CIES £'000		Net Expenditure Chargeable to the General Fund £'000	2016/2017 Adjustments between the Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the CIES £'000
234	28	262	Chief Executive Unit	240	20	260
116	13	129	Deputy Chief Executive Unit	98	8	106
1,232	133	1,365	Corporate Services	1,242	113	1,355
1,950	-1,120	830	Finance and Asset	2,575	-1,342	1,233
263	113	376	One Legal	258	95	353
740	20	760	Democratic Services	611	10	621
471	296	767	Development Services	488	381	869
2,836	1,133	3,969	Community Services	3,319	795	4,114
486	96	582	Revenues and Benefits	279	73	352
8,328	712	9,040	Total Cost of Continuing Operations	9,110	153	9,263
1,673	-198	1,475	Other Operating Expenditure	1,703	-795	908
-251	865	614	Financing and Investment Income and Expenditure	-517	386	-131
-9,018	-2,482	-11,500	Taxation and Non-Specific Grant Income and Expenditure	-8,504	-3,210	-11,714
-7,596	-1,815	-9,411		-7,318	-3,619	-10,937
732	-1,103	-371	(Surplus)/Deficit on Provision of Services	1,792	-3,466	-1,674
10,568			Opening General Fund Balance	9,836		
-732			Less surplus or (deficit) on General Fund Balance in year	-1,792		
9,836			Closing General Fund Balance at 31 March	8,044		
450			Closing Balance made up of	450		
9,386			General Fund Balance	7,594		
9,836			Earmarked Reserve (see note 10)	8,044		

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

2015/2016 (restated)				2016/2017			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
262	0	262	Chief Executive Unit		260	0	260
129	0	129	Deputy Chief Executive Unit		106	0	106
1,377	-12	1,365	Corporate Services		1,373	-18	1,355
2,814	-1,984	830	Finance and Asset		2,661	-1,428	1,233
1,591	-1,215	376	One Legal		1,633	-1,280	353
878	-118	760	Democratic Services		877	-256	621
3,730	-2,963	767	Development Services		3,686	-2,817	869
6,270	-2,301	3,969	Community Services		6,188	-2,074	4,114
19,767	-19,185	582	Revenues and Benefits		20,189	-19,837	352
36,818	-27,778	9,040	Total Cost of Continuing Operations		36,973	-27,710	9,263
1,682	-207	1,475	Other Operating Expenditure	11	1,710	-802	908
1,084	-470	614	Financing and Investment Income and Expenditure	12	968	-1,099	-131
13,019	-24,519	-11,500	Taxation and Non-Specific Grant Income and Expenditure	13	13,231	-24,945	-11,714
15,785	-25,196	-9,411			15,909	-26,846	-10,937
		-371	(Surplus)/Deficit on Provision of Services				-1,674
		-304	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets				-2,466
		-6,356	Actuarial (Gains)/Losses on Pensions Assets/Liabilities				3,111
		-6,660	Other Comprehensive Income and Expenditure				645
		-7,031	Total Comprehensive Income and Expenditure				-1,029

MOVEMENT IN RESERVES STATEMENT

	General Fund	Earmarked Reserves	Capital Receipts	Capital Grants	Total Usable	Unusable Reserves	Total Authority
	Balance		Reserve	Unapplied	Reserves		Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movement in reserves during 2016/2017							
Balance at 1 April 2016 brought forward	450	9,386	5,658	26	15,520	-6,620	8,900
Total Comprehensive Income & Expenditure	1,674	0	0	0	1,674	-645	1,029
Adjustments between accounting basis & funding basis under regulations (Note 9)	-3,466	0	-2,551	146	-5,871	5,871	0
Increase/Decrease (movement) in Year	-1,792	0	-2,551	146	-4,197	5,226	1,029
Transfers to/from Earmarked Reserves (Note 10)	1,792	-1,792	0	0	0	0	0
Balance at 31 March 2017 carried forward	450	7,594	3,107	172	11,323	-1,394	9,929

MOVEMENT IN RESERVES STATEMENT (continued)

	General Fund	Earmarked Reserves	Capital Receipts	Capital Grants	Total Usable	Unusable Reserves	Total Authority
	Balance		Reserve	Unapplied	Reserves		Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movement in reserves during 2015/2016							
Balance at 1 April 2015 brought forward	450	10,118	12,331	54	22,953	-21,084	1,869
Total Comprehensive Income & Expenditure	371	0	0	0	371	6,660	7,031
Adjustments between accounting basis & funding basis under regulations (Note 9)	-1,103	0	-6,673	-28	-7,804	7,804	0
Increase/Decrease (movement) in Year	-732	0	-6,673	-28	-7,433	14,464	7,031
Transfers to/from Earmarked Reserves (Note 10)	732	-732	0	0	0	0	0
Balance at 31 March 2016 carried forward	450	9,386	5,658	26	15,520	-6,620	8,900

BALANCE SHEET

31/03/2016 £'000		Notes	31/03/2017 £'000
	Property, Plant & Equipment		
13,151	Other Land & Buildings	14	22,652
197	Infrastructure Assets	14	233
359	Vehicles, Plant, Furniture & Equipment		2,752
23	Community Assets	14	22
7,370	Assets Under Construction	14	5
21,100			25,664
3,533	Investment Property	16	19,552
218	Heritage Assets	15	218
308	Intangible Assets		259
25,159			45,693
19	Long Term Debtors		411
25,178	Total Long Term Assets		46,104
	Current Assets		
2,007	Short Term Investments	17	6,033
13	Inventories		0
7,723	Short Term Debtors	18	2,879
6,081	Cash & Cash Equivalents	19	10,863
15,824	Current Assets		19,775
	Current Liabilities		
2	Short Term Borrowing	17	15,015
2,188	Short term Creditors	20	6,734
1,042	Provisions	21	1,506
3,232	Current Liabilities		23,255
37,770	Total Assets Less Current Liabilities		42,624
	Long-Term Liabilities		
1,017	Provisions	21	1,947
27,853	Net Pensions Liability	23.3	30,748
28,870	Long-Term Liabilities		32,695
8,900	Net Assets		9,929
450	General Fund Reserve		450
9,386	Earmarked Reserves	10	7,594
5,658	Capital Receipts Reserve		3,107
26	Capital Grants Unapplied		172
15,520	Usable Reserves	22	11,323
4,866	Revaluation Reserve	23.1	7,242
-27,853	Pensions Reserve	23.3	-30,704
20,514	Capital Adjustment Account	23.2	23,533
18	Deferred Capital Receipts		8
48	Financial Instruments Adjustment Account		24
-4,118	Collection Fund Adjustment Accounts	23.4	-1,405
-88	Short-term Accumulating Compensated Absences Account		-90
-7	Available for sale Adjustment Account		-2
-6,620	Unusable Reserves		-1,394
8,900	Total Reserves		9,929

CASH FLOW STATEMENT

2015/2016		Note	2016/2017
£'000			£'000
-371	Net (surplus) or deficit on the provision of services		-1,674
-842	Adjustments to net surplus or deficit on the provision of services for non-cash movements	24	-4,793
0	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0
-1,213	Net cash flows from Operating Activities		-6,467
1,341	Investing Activities	25	23,875
1,524	Financing Activities	26	-22,190
1,652	Net increase or decrease in cash and cash equivalents		-4,782
-7,733	Cash and cash equivalents at the beginning of the reporting period		-6,081
-6,081	Cash and cash equivalents at the end of the reporting period	19	-10,863

1. Accounting Policies

1.1 General Principles

The financial statements summarises the Council's transactions for the 2016/2017 financial year and its position at the year-end of 31 March 2017. The Council is required to prepare annual financial statements by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/2017 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Finance Act 2003.

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

The Council prepares its financial statements on the basis that it remains a going concern; that assumes that the functions of the Council will continue in operational existence.

1.2 Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. 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 and payable on borrowings is accounted for respectively as income and expenditure on the basis of 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.

1.3 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 highly liquid investments that can be 'called' within 30 days 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.

1.4 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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. 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 the 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 in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs 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 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 in 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 Pensions Scheme administered by Gloucestershire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

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

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

Post Employment Benefits (continued)

- Liabilities are discounted to their value at current prices, using a discount rate of 2.6% (set by the actuary)
- The assets of the Gloucestershire County Council pension fund attributable to the Council are included in the Balance Sheet at their bid value as required by IAS 19.

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

- Service cost comprising

- 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 arising from current year decisions 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), i.e. 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.

- Remeasurements comprising:

- 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 Gloucestershire County Council 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. However, the Council has a policy not to allow this.

1.5 Events After the Reporting Period

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 financial statements 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 financial statements are adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the financial statements are 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 financial statements.

1.6 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 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.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid or ten years (whichever is the lesser). The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

1.6 Financial Instruments (continued)

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 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 rate of interest 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 and 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.

Only investments which are not 'callable' within 30 days (and would incur penalties for early withdrawal) and are due within 12 months would be classified as short-term investments. All others are classified as cash equivalents (see policy 1.3).

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 (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Available-for-sale Assets (continued)

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

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

1.7 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 when 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 returned to the transferor.

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

The policy of this Council is to recognise all grants straight away in the Comprehensive Income and Expenditure Account unless there are conditions attached to the grant that require repayment and the Council believes this is more than likely to occur based on previous experience.

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.

1.8 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 (e.g. 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 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.

1.8 Intangible Assets (continued)

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. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted 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 any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.9 Interests in Companies and Other Entities

The Council does not have any material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and would require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

1.10 Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO (first in, first out) costing formula.

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.

1.11 Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

1.11 Investment Property (continued)

Rentals received in relation to investment properties are credited to the Comprehensive Income and Expenditure Account 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.

1.12 Leases

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

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

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. 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).

1.12 Leases (continued)

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 and 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 benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

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 (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 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 (i.e. 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.

1.12 Leases (continued)

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets 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 Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease or a rent free period). 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.

1.13 Non-Current Assets Held for Sale and Disposals

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 previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

To be classed as 'held for sale' the following criteria must be met:

- The asset is available for immediate sale in the present condition subject to terms that are usual and customary for such assets;
- The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated;
- The asset must be actively marketed for a sale at a price that is reasonable in relation to the current value;
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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.

1.13 Non-Current Assets Held for Sale and Disposals (continued)

Disposals

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 Statement 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 (i.e. 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. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be 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 fixed assets 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.

1.14 Overheads and Support Services

The costs of overheads and support services are not shown within the service segments in the Comprehensive Income and Expenditure Account as we do not report this in our management reports throughout the year. Therefore the full cost principles detailed in the CIPFA *Service Reporting Code of Practice 2016/2017* (SERCOP) are no longer used within the financial statements.

1.15 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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 position or 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.

1.16 Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides are for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition at its current location for its intended use, including the purchase price and any dismantling and removal costs.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. 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.

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

Current Value (Existing Use)	<ul style="list-style-type: none">• Where there is no market-based evidence of fair value because of the specialist nature of an asset, it is an estimate of the amount that would be paid for the asset in its existing use;• Includes assets held such as car parks, properties and offices.
Depreciated Replacement Cost	<ul style="list-style-type: none">• Represents the current cost of replacing an asset with its modern equivalent less deductions for physical deterioration and all relevant forms of obsolescence• Includes assets held such as cemetery and theatre.
Market Value	<ul style="list-style-type: none">• Items which are not held primarily for delivery of council services and which are valued at the price that would be received to sell an asset in on the open market;• Includes investment properties.
Depreciated historic cost	<ul style="list-style-type: none">• Represents the cost of bringing the asset into operational use less an adjustment for depreciation. Used where a reliable estimate of its current fair value can not be made;• Infrastructure, community assets and assets under construction.

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

1.16 Property, Plant and Equipment (continued)

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. The council has a policy to revalue all its assets at year end to ensure their current value is reflected in the financial statements. 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.

The Council operates a de minimis for capital purposes of £10,000 except where a specific government grant has been received or it is an enhancement of an existing asset.

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.

1.16 Property, Plant and Equipment (continued)

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

Depreciation is calculated on a straight line basis over the following time periods:

- Dwellings and other buildings
 - the useful economic life (UEL) of the property as estimated by the valuer;
 - Car parks have an estimated UEL of 19 years.
 - Other assets have an estimated UEL of between 40 - 50 years
- Vehicles, plant, furniture and equipment
 - 5 to 7 years, which is deemed an reasonable estimation of the UEL of these types of assets;
- Infrastructure
 - over the UEL of the individual assets as estimated by the valuer or Project Officer.
 - These assets have an estimated UEL of between 30 - 60 years
- Specialist equipment
 - depreciated over the useful economic life (UEL) of the asset as estimated by a suitably qualified person.
 - solar panels are being depreciated over 25 years

Revaluation gains are also depreciated. 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.

Componentisation

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 taken the view that 'significant' means:

- The cost of the component is more than 25% of the cost of the asset as a whole; and
- The cost of the component is more than £500,000.

However, if depreciating the single asset as opposed to the separate components will not result in a material misstatement of either depreciation charges or the carrying amount of the asset then componentisation will not be required.

1.17 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 non-current assets during the year:

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

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

1.18 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. They 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 (e.g. 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 within 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 financial statements.

1.18 Provisions, Contingent Liabilities and Contingent Assets (continued)

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 financial statements.

1.19 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 revenue account 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 such as, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

1.20 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.

1.21 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.

1.22 Heritage Assets

Heritage assets are held by the Council for the objective of contributing to knowledge and culture. The museum exhibits and historical sites are to provide historical understanding and appreciation of the local area and the civic regalia is held for historical and cultural appreciation of the Borough.

Where Heritage Assets have been recognised in the Balance Sheet, the measurement basis (including the treatment of revaluation gains and losses) is 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, and are accounted for as follows.

The Council does not, normally, purchase heritage assets

Where heritage assets have been donated they are initially carried at cost. Where there is not readily identifiable evidence of cost, the Council will ask an expert (in that field) to provide an estimate of the value of those assets. Where a reliable estimate of value cannot be made (due to unique nature of heritage assets) the Council's policy is to not to disclose a value in the Balance Sheet but to disclose a note in the financial statements to explain the assets held.

Subsequently to initial disclosure, the Council uses insurance valuations of the assets as an estimation of the carrying value of these assets. Our Insurance schedule is updated annually and the officer responsible for the assets held assesses whether this valuation is adequate.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

The Council does not, normally, dispose of heritage assets but if the event occurred the proceeds would be accounted for in line with the general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

1.23 Council tax and Non-Domestic rates (NDR)

Billing authorities like Tewkesbury Borough Council act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be more or less than predicted.

The council tax and business rates (NNDR) income recognised in the Comprehensive Income and Expenditure Account is the Council's share of accrued council tax and business rates recognised in the Collection Fund.

1.23 Council tax and Non-Domestic rates (NDR) (continued)

The transactions contained within the Collection Fund are prescribed by legislation and we (as a billing authority) have no discretion to deviate from this at all.

This means:

- the transactions included within the Collection Fund are limited to cash flows (as statute dictates) whereas the income is recognised on a full accruals basis in the Comprehensive income and Expenditure statement (including our share of the year's surplus or deficit on the Collection Fund whereas in reality this is distributed in the following year).
- the year end surplus/deficit on the Collection Fund is based on estimates made in January.

The difference between the Collection Fund figures and those required in the financial statements are taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

2. Accounting Standards Issued, Not Adopted

There are no accounting standards issued but not yet adopted that would have a material impact on the information presented in the 2016/2017 financial statements.

3. Critical Judgements in Applying Accounting Policy

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 financial statements are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that 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 and we believe we will remain a going concern into the future.
- The Council has the right to appoint the majority of delegates on the board of the Tewkesbury Swimming Bath Trust (Swimming Bath Trust) and as management agents has control over the financial and operating policies of the pool. Also, the Council deficit funds the operations of the pool, which was £210k in the period 01/04/15-31/08/16. It has been determined that the Council has control of the Trust and should be treated as a subsidiary. However, due to the value of the leisure centre being revalued to nil in 2014/2015 the Council have decided not to prepare group accounts on the basis of immateriality. The Trust has submitted its final accounts to the Charity Commission and is in the process of being wound up so this will be the last year it is included within our accounts.
- The Council's former insurers Municipal Mutual Insurance Limited ceased trading in 1992 and the Council became a party to the scheme of administration for liabilities outstanding at that time. Previously the administrators advised that the assets would at least match the liabilities and a solvent run off of the scheme could be expected. However the directors of MMI 'triggered' MMI's Scheme of Arrangement under section 425 of the Companies Act 1985 on 13 November 2012 and Ernst and Young LLP became responsible for the management of the MMI's business, affairs and assets in accordance with the terms of the Scheme. The claw back scheme to which Tewkesbury is subject provides for a maximum liability of £169,775. Ernst and Young suggested an initial levy rate of 15% to achieve a solvent run off and this was increased to 25% on 1 April 2016. We have provided for an additional 10% in long term provisions as we have not had any confirmation that this would be the final payment.
- The level of provision for business rate appeals under the business rate retention scheme has been calculated using historic appeals information. Those on the list at 31 March 2017 with a code of grounds where we have statistical information relating to the success and outcome of past appeals have been calculated using the average success rate and rateable value lost. The appeals relating to Virgin Media are treated separately as these are unique cases that were heard as part of a special programme and we will use a variety of sources to determine a suitable appeals provision, e.g. 1 April 2017 rating list figures.
- The Council is required to consider whether there are unlodged appeals in respect of Business Rate payments which could have a material impact on the Statement of Accounts. The current scheme, set up in 2013/2014, uses a baseline assessment of expected income from Business Rates. This has been used by DCLG to then set the risk that the council is exposed to from changes in income collected. This baseline was set for 5 years.
From 1st April 2017 a new rating list is in force and so appeals relating to the 2010 list can only be made: within six months of a notice or where the proposal is following a Valuation Tribunal or higher court decision (within six months of compilations, i.e. 30th September 2017) so the risk of unlodged appeals is minimal. Also the government has set a safety net which is 97.5% of the baseline figure so the maximum loss to the council will 2.5% of the baseline plus any allowed growth (£388,098 based on 2016-17 figures). This maximum is not material and we are already in a safety net position this year so have suffered this loss already. Therefore no allowance for unlodged appeals is necessary.

3. Critical Judgements in Applying Accounting Policy (continued)

- IAS 19 disclosures include information on the assets that make up the Local Government Pension Scheme for the Council as required under 6.4.3.42 (8) of the Code of Practice. We have taken the decision to disclose, in summary, the categories that the Pension Fund have invested in. The Council does not directly influence the activities of the Fund and as the fund assets do not impact on the revenue account it is our decision that the disclosure is sufficient in line with section 6.4.3.42 (2) of the Code of Practice. Should further information be required on the categories of pension assets and the decision making on the strategy for investment then we would direct the query to the Pension Fund administrators.

- The Council joined a Local Authority owned company, Ubico, on the 1 April 2015. This company provides a range of environmental services for the Council. During the year Gloucestershire County Council joined, which has taken the number of owners up to a total of 7. Each Council has one share interest in Ubico.

We are required to consider whether the Council has an interest in this company and whether the Council should produce Group Accounts.

Our conclusion is that Ubico represents a separate vehicle. However when considering joint arrangements, under IFRS12, our assessment is that on the test of whether there is Joint Control per section 9.1.2.10 of the code, there is no evidence to support this.

We have then considered whether under IAS28, that we have significant influence, per 9.1.2.22 of the Code. This is due to their being 7 equal shareholders, which means our interest in Ubico is below the 20% threshold which is an indication of holding significant influence. Other factors which we have considered include representation on the board, participation in policy making, material transactions and management influence. Our judgement is that there is no persuasive evidence that the Council has a significant level of control over the strategic direction and operation of Ubico. Therefore group accounts do not need to be produced.

The Council has accounted for the cost incurred in operating a service contract with Ubico and also the interest the Council has as a Shareholder, however the Council's statements do not reflect any interest in assets and liabilities that we have in the company.

Ubico's Statement of Accounts are available from Companies House.

- A provision for future redundancies has been made in respect of a service restructure. The proposed restructure has been formally agreed by Council and the plan has been communicated to all affected employees. As it is unlikely that significant changes will be made to the plan, an expected completion date is communicated and the number of employees affected along with their job classifications are identified then a provision can be reliably estimated.

- The council has to make judgements whether a lease is an operating lease or a finance lease and has assessed the following:

- the council has bought grounds maintenance equipment which it leases to Ubico Ltd to use for Tewkesbury Borough services. The lease is for 5 years and all costs associated with the are recharged to the council. This along with other factors show that the material costs and risks belong to Tewkesbury and so it is shown as an operating lease within our accounts. The Council has purchased a new fleet of vehicles, which it will be leasing to Ubico on similar terms from the 01 April 2017. This fleet is shown on the Balance Sheet as they were received before the 31 March 2017. The Vehicles will remain on balance sheet in 2017/2018 when they become operational assets leased to Ubico.

- an investment property was recently purchased for £15m which included a tenant with a lease term remaining of 12 years. The authority has decided that, on the balance of the risk and rewards, this should be classified as an operating lease.

- the council built a new leisure centre and leases it to Places for People Ltd to run (for an initial lease term of 15 years). This is also considered to be an operating lease in the council's accounts due to factors such as lease term, peppercorn rent and residual value and demonstrates that the majority of risks and rewards are attributable to us.

3. Critical Judgements in Applying Accounting Policy (continued)

- A decision has been made to classify the following Plant, Property and Equipment as investment properties:

- Challenge House was purchased for £15m purely for the in situ tenant and novation of the current lease to obtain rental income over the next 12 years. There is no service related provisions in the contract and it is held purely for the capital appreciation and revenue return.

- Former land on which Cascades stood (Spring Gardens) - this is not being used as car parking and is being held purely to obtain either a capital receipt or rental income.

The new leisure centre is not classified as an investment property and is instead an operational property. The leisure centre was built purely for the provision of leisure facilities.

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

The financial statements contain 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 at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year (due to assumptions/judgements) are as follows:

Item	Uncertainties	Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the 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 falls. In 2016/2017 there was a depreciation charge of £907k and depreciation adjustment of £361k (due to in year revaluations). A large change in valuation or useful life could increase or decrease the depreciation charge quite substantially.
Fair Value measurement	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's external valuer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 16 and 17.	The Council uses market rental and sales values, along with other inputs to measure the fair value of some of its investment properties. The significant unobservable inputs used in the fair value measurement include comparative information based on limited rental evidence based on rental value and yields. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties.

Business Rates	<p>Since the introduction of Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2016/2017 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2017. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2017.</p>	<p>The appeals provision has been calculated using historic data for appeal success per category of appeal (as provided by the Valuation Office - VOA). Using this data we have extrapolated an appeals figure assuming the success rate is representative of what will happen in future. There is a likelihood that some appeals will be settled differently to anticipated which could cause a large refund of previous years' rates. The provision this year is £3.28m (our share only) which is a large increase from last year (£1.84m). The Council has set aside a reserve of £150k to ensure that if future appeals exceed expectation the Council has sufficient funds available to meet the shortfall between the baseline funding and the safety net position.</p>
Income from Garden Waste Payments	<p>The calculation of Receipts in Advance in relation to garden waste is an estimation technique based on information available from the financial ledger showing income received in each period, rather than the renewal date that the payment relates to.</p> <p>The information held in the ledger is not sufficient to identify the renewal date.</p> <p>To fully allocate payments to the renewal date would require a significant investment of resources to investigate approximately 15,000 annual payments. This would ensure income is allocated to the correct period, and that at the year end Receipts in Advance calculation to transfer into the next financial year is correct. However it is our view that as it would impact on all periods and the year-end figure would therefore not be significantly different from the Receipt in Advance figure in the financial statements.</p>	<p>In the 2016/2017 financial statements the total income from garden waste was approximately £621k and the receipts in advance identified was £185k. Neither figure is material to the statements.</p> <p>The council is satisfied that the estimation technique used is sufficient to produce materially accurate financial statements, whilst making best use of resources available.</p> <p>From 01 April 2018 all annual renewals for garden waste will be aligned to that date. Therefore in 2017/2018 we can attribute this income to the appropriate financial year that it relates to.</p>
Arrears	<p>At 31 March 2017, the Council had a balance on doubtful debts of £1,189k of which £12k related to a general provision. Housing benefit general provision is being maintained at 80% due to the level of debts increasing, increased pressure on those on benefits and the future introduction of Universal Credit.</p>	<p>If collection rates deteriorate then our revenue reserves would be impacted but we feel that the level of provision helps mitigate this potential risk.</p>

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. The actuaries, Hymans Robertson, are engaged to provide the Council with expert advice about the assumptions to be applied. Changes in assumptions can have a significant effect on the value of the retirement benefit obligation.	The effects on the scheme liabilities of changes in individual assumptions can be measured and the sensitivities regarding the principal assumptions are set out below:	
	Change in assumptions at year ended 31 Mar 2017	Approx. % increase to Employer Liability	Approx. monetary amount (£'000)
	0.5% decrease in Real Discount Rate	9	7309
	0.5% increase in the Salary Increase Rate	1%	1,012
	0.5% increase in the Pension Increase Rate	8%	6,202

5. Material Items of Income and Expense

There are no items of material income and expense that are not identified elsewhere in the accounts. For the purpose of this note the Council considers material items to be those greater than £750,000.

6. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance & Asset Management on 24 May 2017. 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 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 7A) Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the CIES amounts 2016/2017	Adjustment for Capital Purposes £'000	Net Change to the Pensions Adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive Unit	0	-20	0	-20
Deputy Chief Executive Unit	0	-8	0	-8
Corporate Services	-42	-71	0	-113
Finance and Asset	-300	1,667	-25	1,342
One Legal	0	-95	0	-95
Democratic Services	-1	-9	0	-10
Development Services	-261	-120	0	-381
Community Services	-726	-69	0	-795
Revenues and Benefits	-9	-64	0	-73
Total Cost of Continuing Operations	-1,339	1,211	-25	-153
Other Operating Expenditure	795	0	0	795
Financing and Investment Income and Expenditure	561	-952	5	-386
Taxation and Non-Specific Grant Income and Expenditure	497	0	2,713	3,210
Difference between General Fund surplus or deficit and CIES surplus on the provision of services	514	259	2,693	3,466

Adjustments from General Fund to arrive at the CIES amounts 2015/2016	Adjustment for Capital Purposes £'000	Net Change to the Pensions Adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive Unit	0	-28	0	-28
Deputy Chief Executive Unit	0	-13	0	-13
Corporate Services	-35	-92	-6	-133
Finance and Asset	-162	1,314	-32	1,120
One Legal	0	-113	0	-113
Democratic Services	-3	-17	0	-20
Development Services	-142	-154	0	-296
Community Services	-1,030	-103	0	-1,133
Revenues and Benefits	-9	-87	0	-96
Total Cost of Continuing Operations	-1,381	707	-38	-712
Other Operating Expenditure	198	0	0	198
Financing and Investment Income and Expenditure	207	-1,072	0	-865
Taxation and Non-Specific Grant Income and Expenditure	761	0	1,721	2,482
Difference between General Fund surplus or deficit and CIES surplus on the provision of services	-215	-365	1,683	1,103

Note 7B) Segmental Income

It is a requirement to disclose material sources of income for each Service area.
A review of the income received has identified the following:-

Revenues from External Customers	2015/2016 £'000	2016/2017 £'000
Development Services - Planning Fees	-1,268	-1,026
One Legal - Recharges for services to other LA's	-800	-774

Income from Grants and Contributions is disclosed on Note 31
No other material sources of income has been identified.

8. Expenditure & Income Analysed By Nature

	2015/2016 £'000	2016/2017 £'000
Expenditure		
Employee Benefits	8,705	8,215
Other Services	40,709	41,357
Support Service Recharge	0	0
Capital Adjustments resulting in a loss	1,506	1,584
Interest Payments	3	16
Precepts and Levies	1,673	1,703
Payments to Housing Capital Receipts Pool	9	7
Gain on Disposal of Assets	0	0
Total Expenditure	52,605	52,882
Income		
Fees, Charges & Other Service Income	-6,511	-6,891
Interest & Investment Income	-262	-269
Capital adjustments resulting in a gain	-378	-1,009
Council Tax, Non-Domestic Rates & District Rates	-19,125	-19,724
Government Grants & Contributions	-26,700	-26,663
Total Income	-52,976	-54,556
Surplus/Deficit	-371	-1,674

9. Adjustments Between Accounting Basis and Funding Basis Under Regulations

2015/2016 Usable Reserves			2016/2017 Usable Reserves		
General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
			Adjustments to revenue reserves		
			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		
-364			260		
-24			-24		
-8			5		
1,721			2,713		
-6			-2		
-134			-398		
1,185	0	0	2,554	0	0
			Adjustments between revenue and capital resources		
207	-283		802	-802	
-9	9		-7	7	
0			0		
-252			-41		
-54	-274	0	754	-795	0
			Adjustments to capital resources		
	6,959			3,357	
-28		28	158		-146
	-12			-11	
-28	6,947	28	158	3,346	-146
1103	6,673	28	3,466	2,551	-146

10. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2016/2017.

	Balance as at 31/03/2015 £'000	Net Movement 2015/2016 £'000	Balance as at 31/03/2016 £'000	Net Movement 2016/2017 £'000	Balance as at 31/03/2017 £'000
General Fund					
Asset Management Reserve	296	40	336	186	522
Borough Regeneration Reserve	54	-43	11	-4	7
Business Rates Reserve*	5,433	-1,335	4,098	-2,608	1,490
Business Support Reserve	106	1	107	125	232
Business Transformation Reserve	340	-109	231	91	322
Community Safety Reserve	3	-3	0	0	0
Community Support Reserve	15	103	118	9	127
Elections Reserve	10	54	64	-1	63
Flood Support and Protection Reserve	409	-154	255	-211	44
Health & Leisure Development reserve	20	14	34	-6	28
Housing & Homeless Reserve	41	-1	40	-22	18
Interest Equalisation Reserve	150	-150	0	0	0
IT Reserve	0	0	0	15	15
MTFS Equalisation Reserve***	68	679	747	421	1,168
Organisational Development Reserve	39	-12	27	-13	14
Development Management Reserve	243	224	467	-363	104
Development Policy Reserve	470	-153	317	-20	297
Risk Management Reserve	48	-22	26	-18	8
Transport Initiatives Reserves	194	-194	0	342	342
Waste & Recycling Development Reserve	125	-104	21	8	29
Horsford Reserve	30	9	39	9	48
Mayors Charity Reserve	12	-5	7	1	8
Planning Obligations Reserve**	2,012	429	2,441	267	2,708
Totals	10,118	-732	9,386	-1,792	7,594

10. Transfers to/from Earmarked Reserves (continued)

Material Reserves

* The Business Rates Reserve is required due to the accounting requirements of the retained business rates legislation. The financial statements reflect the position estimated prior to the start of the financial year rather than the true year end position. In 2016/2017 the impact of appeals on valuation assessments during the year means that the true position is significantly different than that reflected in the accounts and therefore the equivalent level of reserve is required. It is a technical accounting reserve and is not available for any other purpose.

** The Planning Obligations Reserve represents those sums received from developers which have to be used for the purposes specified in the section 106 agreements and again cannot be used for any other purpose.

*** The MTFS Equalisation Reserve is monies which have been set aside to protect budgets against the impact of future reductions in grants and funding from central government as well as other pressures on revenue budgets

11. Other Operating Expenditure

2015/2016 £'000		2016/2017 £'000
1,673	Parish Council Precepts	1,703
9	Payments to Government Housing Capital Receipts Pool	7
-171	Gains/Losses on Disposal Of Non-Current Assets	-443
-36	Other Income - Right to Buy Sales	-359
1,475		908

12. Financing & Investment Income & Expenditure

2015/2016 £'000		2016/2017 £'000
0	Finance Leasing Charges	0
1	Interest payable and Similar Charges	15
-118	Interest receivable and similar income	-115
1,072	Net interest on the net defined benefit liability	952
-207	Income and expenditure in relation to investment properties and changes in their fair value	-561
-142	Gain/loss on trading accounts (not applicable to a service)	-417
8	Movement on available for sale investments	-5
614		-131

13. Taxation and Non Specific Grant Income and Expenditure

2015/2016 £'000		2016/2017 £'000
-4,862	Council Tax Income	-5,127
-1,240	Non-domestic rates income and expenditure	-1,366
-1,319	Revenue Support Grant	-887
-3,318	Other Non-Ring fenced Government Grants	-3,837
0	Donated Asset Recognition	0
-761	Capital Grants and Contributions	-497
-11,500		-11,714

14. Property, Plant and Equipment

2016/2017

	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Plant, Property & Equipment £'000
Cost or Valuation							
At 1 April 2016	13,151	3,111	283	23	0	7,370	23,938
Additions	22	2,931	0	0	0	373	3,326
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,105	0	0	0	0	0	2,105
Revaluation increases/(decreases) to Surplus/Deficit on Provision of Services	-2	0	0	0	0	0	-2
Other movements in cost or revaluation	7,376	0	44	-1	0	-7,738	-319
At 31 March 2017	22,652	6,042	327	22	0	5	29,048
Accumulated Depreciation and Impairment							
At 1 April 2016	0	-2,752	-86	0	0	0	-2,838
Depreciation charge	-361	-538	-8				-907
Depreciation written out to Revaluation Reserve	361						361
At 31 March 2017	0	-3,290	-94	0	0	0	-3,384
Net Book Value							
At 31 March 2017	22,652	2,752	233	22	0	5	25,664
At 31 March 2016	13,151	359	197	23	0	7,370	21,100

14. Property, Plant and Equipment (Continued)

Comparative Movements in 2015/2016

	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Plant, Property & Equipment £'000
Cost or Valuation							
At 1 April 2015	12,866	4,996	283	23	0	1,283	19,451
Additions	335	286	0	0	0	6,087	6,708
Revaluation increases/(decreases) recognised in the Revaluation Reserve	134	0	0	0	0	0	134
Revaluation increases/(decreases) to Surplus/Deficit on Provision of Services	16	0	0	0	0	0	16
Derecognition- disposals	-200	-2,171	0	0	0	0	-2,371
At 31 March 2016	13,151	3,111	283	23	0	7,370	23,938
Accumulated Depreciation and Impairment							
At 1 April 2015	0	-4,186	-78	0	0	0	-4,264
Depreciation charge	-170	-130	-8	0	0	0	-308
Depreciation written out to Revaluation Reserve	170	0	0	0	0	0	170
Derecognition- disposals	0	1,564	0	0	0	0	1,564
At 31 March 2016	0	-2,752	-86	0	0	0	-2,838
Net Book Value							
At 31 March 2016	13,151	359	197	23	0	7,370	21,100
At 31 March 2015	12,866	810	205	23	0	1,283	15,187

14. Property, Plant and Equipment (continued)

Depreciation

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

- Other Land and Buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, Plant, Furniture & Equipment – 5-7 years
- Photovoltaic Solar Panels – 25 years
- Infrastructure – as estimated by the valuer or Project Officer

Capital Commitments

At 31 March 2017, the Council has not entered into any material capital contracts.

Effects of Changes in Estimates

In 2016/2017, the Council made no changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

During 2014/2015 financial year the Council undertook a tender exercise and appointed Wilks Head and Eve LLP as our external valuers for a 5 year period until 2020. The contract requires that all its Property, Plant and Equipment, required to be measured at current value, is revalued annually as at the 31 March. Valuations of land and buildings have been carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Valuation of Vehicles, Plant and Equipment are on a Depreciated Historic Cost basis as a proxy for current value on the basis that they have short useful lives and/or low values.

An annual impairment review has not been required as all relevant assets have been valued as at the 31 March. The Council has provided the valuers with information regarding the known condition of the assets as at that date, to inform the valuation process.

Community Assets and Infrastructure Assets are all valued at historic cost. Assets under construction are held at cost incurred. All other Plant, Property and Equipment have been valued in accordance with the following schedule.

	Other Land & Buildings	Vehicles, Plant & Equipment	Community and Infrastructure Assets	Assets under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	6,042	349	0	6,391
Carried at cost incurred to date	0	0	0	5	5
Valued at current value	22,652	0	0	0	22,652
Total Cost or Valuation	22,652	6,042	349	5	29,048

15. Heritage Assets

The Council has disclosed Heritage Assets at a carrying value of £217,929 in the Balance Sheet.

Below is a description of both the assets disclosed on the Balance Sheet as well as those Heritage Assets which the Council has ownership of but not disclosed on the Balance Sheet

Archaeological artefacts

The Holm Archaeological Collection is made up of a number of items uncovered when the Council undertook some archaeological rescue excavations in the 1970's when preparing to build on the site of the Council Offices. These items are held at Tewkesbury Museum on loan. These assets are disclosed on the Balance Sheet.

A collection of work, uncovered on the site of the old art deco Sabrina cinema (now the Roses Theatre site) has been catalogued by Gloucestershire County Council, thanks to an one off grant from English Heritage. These items have been deposited with the Tewkesbury Museum to add to their collections.

The Council also has a range of artefacts discovered on various other Borough sites over 40 years ago. The collection is from work carried out by the Borough archaeologist from 1972-1976. The archive has mostly been on loan to Tewkesbury Museum since 2009.

Correspondence with the archaeologist who carried out the work has ascertained that the collection would be extremely difficult to value due to the nature of the artefacts and that it only has an archaeological importance. Considering all the information above these artefacts are not included in the Balance Sheet.

Battle Trail Sites

The Battle of Tewkesbury was the climax of the War of the Roses between the Yorkist's and the Lancastrian's. It is one of 43 battles listed on the English Heritage Battlefields Register which aims to protect them and promote a better understanding of their significance.

The battle site consists of various plots of land and the battle trail is a tourist attraction for the Borough (a map can be obtained from the Tourist Information Centre). The main battle field next to the Council Offices is the site for the annual Mediaeval Festival which re-enacts the famous battle and contains an information plinth with details of some of the events of 4th May 1471 and the characters involved.

The site of the late Holme Castle is now marked by a monument which is sited on the King George's playing field and contains 4 plaques which commemorate the events of the historic battle during the War of the Roses.

Queen Margaret's Camp is the other main site which includes a moated site with what survives of an associated system of water management features. Although uncertain what significance this site has within the battle of 1471 some believe Queen Margaret set up camp here the night before the battle commenced.

These sites and items do not have a value and so are only disclosed in this note and do not have a carrying value in the Balance Sheet.

15. Heritage Assets Continued

Civic Regalia and Other Display Items

All the civic regalia has been purchased or acquired (mainly through the creation of Tewkesbury Borough Council from 3 constituent authorities). The civic regalia are mostly displayed in glass cabinets near the Council Chamber for people to view and include sterling silver maces and pendants. These have been disclosed in the Balance Sheet.

John Moore (1907 to 1967) was a local writer and naturalist who wrote about the countryside and was considered Gloucestershire's most famous author of the twentieth century. John Moore's widow donated a collection of items relating to John Moore including pictures and silverware which is on display outside the Council Chamber.

Tewkesbury became twinned with Miesbach, Bavaria in Germany in 1982. Displayed in the Mayor's parlour is a silver cup and scroll to commemorate this event.

Large and small Battle of Tewkesbury commemorative swords are also displayed in the cabinet but have no value either.

Arrivall Sculptures

The Council took ownership of two custom built sculptures on 4th May 2014, named 'The Arrivall'. These 18ft wooden sculptures were commissioned by Tewkesbury Battlefield Society and depict a scene from a battle during the 'War of the Roses'. They were donated to the Council, who will be responsible for the maintenance of these in the future. These assets are disclosed on the Balance Sheet.

16. Investment Properties

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

2015/2016		2016/2017
£'000		£'000
-140	Rental income from investment property	-410
-2	Direct operating expenses arising from investment property	1
-142	Net (gain)/loss	-409

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

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

2015/2016		2016/2017
£'000		£'000
3,326	Balance 1 April	3,533
	Additions:	
0	Purchases	15,140
207	Net gains/losses from fair value adjustments	561
	Transfers:	
0	to/from Property, Plant and Equipment	318
3,533	Balance 31 March	19,552

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at the year end are as follows:

	Quoted prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (Level 3)	Fair Value as at the 31 March
Land	0	1,603	0	1,603
Commercial Units	0	17,479	0	17,479
Other	0	0	470	470
Total as at 31 March 2017	0	19,082	470	19,552

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

Land, Industrial and Residential assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs are significant leading to the properties being categorised at Level 2 in the fair value hierarchy

Significant Unobservable Inputs – Level 3

The golf club and sports club land assets have been based on a comparable approach either by estimated market rental values as the majority of these assets are let at sub-market or subsidised passing rents. We have had to draw on a number of our own assumptions and utilised third party resources in order to value these assets. These assets are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions)

Highest and Best Use of Investment Properties

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

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

The value of assets categorised within Level 3 as at the 31 March 2017 is £469,500 (value as at 31 March 2016 was £469,545). There has been no change in the assets identified in this category.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

	Valuation technique used to measure fair value	Unobservable Inputs	Range	Sensitivity
Golf Club	Comparative based on limited rental evidence	Rental Value	£30 - £60 psm	Changes in rental growth, yields, occupancy will result in a lower or higher fair value
		Yields	9% - 13%	
Sports Club Land	Comparative based on limited rental evidence	Rental Value	£1,000 - £2,000 per pitch	Changes in rental growth, yields, occupancy will result in a lower or higher fair value
		Yields	8% - 12%	

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by the Council's external valuer in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

17. Financial Instruments

Categories of Financial Instruments

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

	Long-Term		Current	
	31/03/2016 £'000	31/03/2017 £'000	31/03/2016 £'000	31/03/2017 £'000
Investments				
Investments				
Loans and receivables	0	0	2,007	6,033
Cash Equivalent Investments				
Loans and receivables	0	0	2,488	6,903
Available-for-sale financial assets	0	0	3,493	3,998
Total investments	0	0	7,988	16,934
Debtors (less any impairments)				
Loans and receivables	18	411	0	0
Financial assets carried at contract amounts	0	0	2,078	2,001
Total debtors	18	411	2,078	2,001
Borrowings				
Financial liabilities at amortised cost	0	0	2	15,015
Total borrowings	0	0	2	15,015
Creditors				
Financial liabilities carried at contract amount	0	0	1,249	3,165
Total creditors	0	0	1,249	3,165

17. Financial Instruments (continued)

Income, Expense, Gains and Losses

	2015/2016			2016/2017		
	Financial Assets - Available for sale	Financial Assets: Loans and receivables	TOTAL	Financial Assets - Available for sale	Financial Assets: Loans and receivables	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Surplus or Deficit on the Provision of Services						
Interest expense	0	3	3	0	15	15
	0	3	3	0	15	15
Interest income	0	-118	-118	-26	-89	-115
Interest income accrued on impaired financial assets	0	0	0	0	0	0
	0	-118	-118	-26	-89	-115
Surplus or Deficit arising on revaluation of financial assets						
Gains on revaluation	-7	0	0	5	0	5
Total Charged to Other CIES	-7	0	-7	5	0	5
Net gain/(loss) for the year	-7	-115	-122	-21	-74	-95

Fair Values of Assets and Liabilities

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

- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Currently we have no investments outstanding for greater than a year and so the fair value is assumed to equate the carrying value.

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

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them

Financial assets measured at fair value

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31/3/2017 £'000
Available for sale:			
The Council deficit funded the Swimming Bath Trust (see details above) and had the majority of votes on the Board. This means we effectively controlled the Trust. We did not prepare group accounts as the operating activities are reflected in the deficit funding and the Trust did not have any significant assets or liabilities. As the Cascades centre was closed in May 2016, the Swimming Baths Trust has been removed from the charities commission register on the 10 March 2017.	Level 1	Multiply the price by the number of units held, using the bid price where quoted	3,998

There have been no transfers between input levels 1 & 2 during the year and there have been no change in the valuation technique used during the year for financial instruments.

The Council does not hold any financial assets which are carried at Fair Value categorised within level 3 of the Fair Value Hierarchy

The Council also has an Equity Share in a limited company, UBICO Ltd. This is a teckal company owned by 7 Local Authorities. Each Local Authority has a £1 share capital equity in the company. The Shareholder agreement is that each interested body has a equal share interest. This interest can not be traded and can only be realised on dissolving our interest in the company. Therefore it has no fair value and is held as a long term investment at historic cost.

18. Short Term Debtors

The balances outstanding at 31 March are summarised as follows:

	2015/2016 £'000	2016/2017 £'000
Central government bodies	4,501	1,250
Other local authorities	1,748	614
NHS bodies	0	0
Public corporations and trading funds	0	0
Other entities and individuals	2,764	2,277
Gross Debts	9,013	4,141
less Impairment Allowance	-1,290	-1,262
Total Net Debtors	7,723	2,879

19. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents at 31 March is made up of the following elements:

	2015/2016 £'000	2016/2017 £'000
Cash held by the Council	256	287
Bank current accounts	-155	-324
Short-term deposits	5,980	10,900
Equivalents	6,081	10,863

20. Short Term Creditors

The balances outstanding at 31 March are summarised as follows:

	2015/2016 £'000	2016/2017 £'000
Central government bodies	221	2,444
Other local authorities	505	735
NHS bodies	0	0
Public corporations and trading funds	0	0
Other entities and individuals	1,462	3,555
Total	2,188	6,734

21. Provisions

21.1 Short Term Provisions

	Outstanding Legal Cases	Other Provisions	Total
	£'000	£'000	£'000
Balance at 1st April 2016	48	994	1,042
Transferred in from long term provision	3	31	34
Additional provisions made	5	1,466	1,472
Amounts used	20	924	944
Unused amounts reversed	28	69	97
Balance at 31 March 2017	8	1,498	1,506

21.2 Long Term Provisions

	Outstanding Legal Cases	Other Provisions	Total
	£'000	£'000	£'000
Balance at 1st April 2016	46	971	1,017
Additional provisions made	0	1,921	1,921
Amounts used	3	924	927
Unused amounts reversed	30	0	30
Transferred to short term provisions	3	31	34
Balance at 31 March 2017	10	1,937	1,947

Description of main provisions

Outstanding Legal Cases

There are several ongoing cases concerning VAT are currently being defended by Her Majesty's Revenue and Customs through the EU. The cases concern interest claims for the successful Fleming case and on Royal Mail fees.

In all cases the Council has utilised specialist VAT advisors and the provision reflects the level of charge anticipated on the conclusion of the cases. The resolution is not expected within the near future.

21. Provisions (continued)

Other Provisions

There is a provision relating to the administration of Municipal Mutual Insurance which went into administration in 1992. Following the ruling of the supreme court in relation to mesothelioma claims the MMI scheme administrators have made an initial clawback of 15% (£23,954) and a subsequent clawback of a further 10% as there will not be a solvent run off of the company. Since there may be further clawback in the future £15,967 (10%) has been set aside as a long term provision to cover this possibility. This will be kept under review as further information becomes available

The Executive Committee agreed on the 12 October 2016 to transfer deed of covenant for land at Queens Road to Severn Vale Housing Association as part of the wider Priors Park Community Project. The cost of the purchase has been split over seven years. As part of the agreement the Council will grant fund the cost of purchasing the Deeds, as at the 31 March 2017 the grant due was £73,020.

The Council has made provision for the cost of redundancy due to a restructure of the Revenues and Benefits service. A decision was made by the Executive committee on 01 February 2017 to implement the proposals, however at the 31 March 2017 no redundancies had been implemented. An estimate of the cost has been made and included in short term provisions.

There is a provision of £3,277,930 at the 31 March 2017 relating to business rate appeals apportioned to the Council. The appeals are from a range of organisations that have submitted appeals to the Valuation Office agency.

22. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 9 & 10

23. Unusable Reserves

23.1 Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

2015/2016 £'000		2016/2017 £'000
4,705	Balance at 1 April	4,866
304	Upward revaluation of assets & reversal of previous impairment losses	2,466
0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0
-48	Difference between fair value depreciation and historical cost depreciation	-47
-95	Accumulated gains on assets sold or scrapped	-43
4,866	Balance at 31 March	7,242

23.2 Capital Adjustment Account

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

23.2. Capital Adjustment Account (continued)

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

2015/2016 £'000		2016/2017 £'000
13,873	Balance at 1 April	20,514
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</i>	
-308	Charges for depreciation and impairment of non-current assets	-908
16	Revaluation losses on Property, Plant and Equipment	-2
-49	Amortisation of intangible assets	-49
-789	Revenue expenditure funded from capital under statute from Capital Grants	-339
-368	Revenue expenditure funded from capital under statute from Capital Receipts	-285
48	Adjusting amounts written out of the Revaluation Reserve	47
731	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
-712	Release of Long Term Liability as a result of novation of Vehicle lease contract.	0
	<i>Capital financing applied in the year:</i>	
6,960	Use of the Capital Receipts Reserve to finance new capital expenditure	3,357
789	Application of grants to capital financing from the Capital Grants Unapplied Account	350
116	Capital expenditure charged against the General Fund	244
207	Movements in the market value of Investment and donated properties debited or credited to the Comprehensive Income and Expenditure Statement	561
0	Movements in the value of Heritage asset recognised in Balance Sheet, debited or credited to the Comprehensive Income and Expenditure Statement	43
20,514	Balance at 31 March	23,533

23.3 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The 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 pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the 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.

2015/2016 £'000		2016/2017 £'000
-33,845	Balance at 1 April	-27,853
6,356	Remeasurements of the net defined benefit liability/(asset)	-3,111
-2,458	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	260
2,094	Employer's pensions contributions and direct payments to pensioners payable in the year	0
-27,853	Balance at 31 March	-30,704

23.4 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.

2015/2016 £'000		2016/2017 £'000
-5,839	Balance at 1 April	-4,118
1,721	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	2,713
-4,118	Balance at 31 March	-1,405

24. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2015/2016 £'000		2016/2017 £'000
Specific Inflows		
-128	Interest received	-94
3	Interest paid	0

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2015/2016 £'000		2016/2017 £'000
-308	Depreciation	-908
215	Impairment & downward valuations	565
-49	Amortisation	-49
-458	Increase in impairment for bad debts	28
113	Increase in creditors	-6,740
-2,276	Increase in debtors	2,701
-5	Increase in Inventories	-13
-364	movement in pension liability	216
207	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	802
2,083	Other non-cash items charged to the net surplus or deficit on the provision of services	-1,395
-842		-4,793

The surplus or deficit on the provision of services has been further adjusted for investing and financing activities as set out in notes 25 and 26.

25. Cash Flow Statement – Investing Activities

2015/2016 £'000		2016/2017 £'000
6,759	Purchase of property, plant and equipment, investment property and intangible assets	20,648
5,500	Purchase of short-term and long-term investments	13,002
0	Other payments for investing activities	0
-418	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-772
-10,500	Proceeds from short-term and long-term investments	-9,003
0	Other receipts from investing activities	0
1,341	Net cash flows from investing activities	23,875

26. Cash Flow Statement – Financing Activities

2015/2016 £'000		2016/2017 £'000
-2,000	Cash receipts of short- and long-term borrowing	-16,000
0	Other receipts from financing activities	-7,192
0	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0
2,000	Repayments of short- and long-term borrowing	1,002
1,524	Other payments for financing activities	0
1,524	Net cash flows from financing activities	-22,190

27. Agency Services

The Council provides payroll services for the Tewkesbury Museum, Wheatpieces Parish Council and Tewkesbury Town Council involving the payment of £105k to employees and £47k to Her Majesty's Revenue and Customs. The three organisations pay a management fee of £7k.

The Council has an agency arrangement with Cheltenham Borough Council and Gloucester City Council for the provision of legal services.

Legal Shared Service

An agreement commenced on 30 November 2009 with Cheltenham Borough Council and this was extended to include Gloucester City Council on the 1 April 2015. The agreement is that both council's reimburses Tewkesbury Borough Council for all costs incurred in providing a legal service and 50% of the initial set up costs and agreed other one off costs.

A summary of the expenditure incurred:

	2015/2016 £'000	2016/2017 £'000
Employee Costs	820	847
Transport Costs	11	12
Supplies & Services	170	169
Agency & Contracted Services	18	44
Income	-243	-280
Total Amount Reimbursed	776	792

28. Members' Allowances

The allowances paid under The Local Authorities (Members Allowances) Amendment Regulations were as follows:

	2015/2016 £'000	2016/2017 £'000
Allowances	326	332
Mileage & Subsistence	11	9
Other Expenses	1	1
Total Reimbursement	338	342

The above figures include a basic allowance for each member of £7,200 (2015/2016 £7,200)

29. Officers' Remuneration

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

Post Title	Note	Year	Salary, Fees and Allowances £'000	Pension Contributions £'000	Total Remuneration £'000
Current Posts					
Chief Executive		2016/2017	112	16	128
		2015/2016	111	16	127
Deputy Chief Executive	3	2016/2017	86	12	98
		2015/2016	88	13	101
Borough Solicitor	1	2016/2017	85	12	97
		2015/2016	81	12	93
Section 151 Officer (Chief Finance Officer)	2	2016/2017	68	10	78
		2015/2016	73	11	84
Total		2016/2017	351	50	401
		2015/2016	353	52	405

Notes

1. The Borough Solicitor provides services for both the Council and Cheltenham Borough Council. She is formally employed by the Council and Cheltenham Borough is recharged 35% of her salary and other remuneration.

2. The salary payments in 2015/2016 included the backpay due for a previous year as well as the annual salary.

3. There was a change in Deputy Chief Executive during the year. This resulted in a saving on 2016/17 as there was a gap between employment

29. Officers' Remuneration (continued)

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts.

Remuneration Band		Number of Employees	
		2015/2016 Total	2016/2017 Total
£50,000	£54,999	3	3
£55,000	£59,999	1	1
£60,000	£64,999	1	1
£65,000	£69,999	1	1
		6	6

The numbers of exit packages including senior employees 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	
	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016 £'000	2016/2017 £'000
0 - 20,000	0	0	1	0	1	0	7	0
20,001 - 40,000	1	0	0	0	1	0	21	0
40,001 - 60,000	0	0	0	0	0	0	0	0
60,001 - 80,000	0	0	0	0	0	0	0	0
Total	1	0	1	0	2	0	28	0

Termination Benefits

A provision for redundancy in the sum of £46,729 was included in the 2016/2017 financial statements in respect of potential redundancies within the Revenues and Benefits group. This was following a decision by the Executive Committee on the 01 February 2017. The actual redundancies will not take place until 2017/2018.

30. Audit Costs

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

	2015/2016 £'000	2016/2017 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor.	45	45
Fees payable to Grant Thornton for the certification of grant claims and returns.	9	10
	<u>54</u>	<u>55</u>

31. Grant Income

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

	2015/2016 £'000	2016/2017 £'000
Credited to Taxation and Non Specific Grant Income		
S.31 Grants & Contributions (supporting the NNDR regime)	-159	-10
Revenue Support Grant	-1,319	-887
Homes Bonus Grant	-2,747	-3,401
Council Tax Freeze Grant	-34	0
Small Business Relief Grant	-378	-408
Other Grants	0	-18
	<u>-4,637</u>	<u>-4,724</u>
Capital Grants		
Disabled Facilities Grants	-497	-497
Flood Relief Grants	-264	0
	<u>-761</u>	<u>-497</u>
Total	<u>-5,398</u>	<u>-5,221</u>
Grants Credited to Services		
Dept. Communities & Local Government Grants		
Local Taxation Administration Grants	-190	0
Capability Funding Grant	-268	-224
Other DCLG Grants	-111	-188
Elections	-101	0
Dept. Work & Pensions Grants		
Housing Benefit Administration & Associated Grants	-267	-216
Housing Benefit Grant	-18,496	-19,009
Other DWP Grants	-52	-70
Homes & Communities		
LSIF Funding	-330	0
Cabinet Office		
Other Grants	-23	-244
Other Government Grants	-2	-1
Contributions Credited to Services		
Gloucestershire County Council Contributions		
Large Sites Infrastructure Fund	-229	-40
Waste Incentive Contributions	-100	-100
Youth Offending	-50	-50
Flood Works and Water Management	-144	-90
Other GCC contributions	-32	0
Other Contributions from Government bodies	-86	-106
Contributions in relation to S.106 agreements	-822	-1,103
Total	<u>-21,303</u>	<u>-21,441</u>
Grand Total	<u><u>-26,701</u></u>	<u><u>-26,662</u></u>

32. Related Party Transactions

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

The UK Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 31.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2016/2017 is shown in Note 28. Details of transactions involving Members of the Council are recorded in the Register of Members' Interest, which is open to public inspection. All contracts and payments were made in accordance with the Council's Contract Procedure Rules.

Any grants paid to organisations were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants.

During the year we had an arrangement to share our Monitoring Officer with Cheltenham Borough Council. As this is a senior role with independent statutory powers it is disclosed within Note 29.

Declarations made involving material financial transactions are listed below:

a Other Public Bodies

The Borough Council collects precepts on behalf of Gloucestershire County Council, Gloucestershire Police Authority and the Town and Parish Councils within the Borough area.

Precepts for the County and the Police Authority are shown in the Collection Fund. Total of Precepts paid to Parishes are shown in the Comprehensive Income and Expenditure Account and in note 11.

In addition to council tax and business rate precepts, the Council also made payments of £218,112 for both grants and services to Gloucestershire County Council. 7 borough council members also declared a relationship with the County Council during 2016/2017.

The Council provides grant funding which is available to parish councils. Many borough council members are also parish council representatives or have a relationship with the council that they have declared. Below is an analysis of significant funding awards made to Parish Councils during 2016/2017

32. Related Party Transactions (continued)

		No. of Members	Payments other than precepts (Inc. VAT)
			£'000
Parish Councils:	Bishop's Cleeve	1	8
	Churchdown	3	2
	Highnam	1	3
	Northway	2	72
	Shurdington	1	29
	Tewkesbury Town	3	21
	Winchcombe	1	57

b Tewkesbury Swimming Baths Trust

The Trust has 19 members of which Tewkesbury Borough Council can elect 10. Deficit funding for the Trust was:

	2015/2016 £'000	2016/2017 £'000
Deficit funding	182	40

The Cascades centre was closed in June 2016, and replaced by a new Leisure Centre built in a new location. The Swimming Baths Trust has been removed from the charities commission register on the 10 March 2017.

In 2016/2017 the Council deficit funded the 2 months of operations of the Cascades at a cost of £40k

The Tewkesbury Leisure Centre is owned by the Council and operated on its behalf by a management company, Places for People Ltd. No related party disclosures have been made by any Councillors in relation to Places for People Ltd.

32. Related Party Transactions (continued)

c General Related Parties

Consideration has been given to whether individual members have any personal (including familial) relationships with other entities that the Council has had transactions with during the financial year.

Individual borough councillors declared the following significant related parties to the:

Related Party	No. of Members	Payments 2016/2017 £'000
Cleeve Common Board of Conservators	2	25
Cotswold AONB (Cotswold conservation board)	1	5
Lower Severn Internal Drainage Board	1	6
Northway Youth Club	1	8
Gloucestershire Rural Community Council	1	28

Officers

The Council employed an interim Group Manager for Environmental Health and Housing during 2016/2017. He was employed via a wholly owned company named Icon Environmental Consulting Ltd, of which they are also the Sole Director.

During the year the Council paid £95,350 to Icon Environmental Consulting Ltd. Decisions regarding employing the interim Group Manager were made by the Chief Executive and Deputy Chief Executive.

Entities Controlled or Significantly Influenced by the Council

The Council is a Shareholder in Ubico Ltd, which is a jointly owned company with 7 other Local Authorities providing environmental services. A senior officer of the Council is a board member of the company, but does not have significant influence over decision making. No Members serve on the company's board of directors. During the year the Council had contracted services from Ubico totalling £3,441k (£3,422k in 2015/16)

The Council deficit funded the Swimming Bath Trust (see details above) and had the majority of votes on the Board. This means we effectively controlled the Trust. We did not prepare group accounts as the operating activities are reflected in the deficit funding and the Trust did not have any significant assets or liabilities. As the Cascades centre was closed in May 2016, the Swimming Baths Trust has been removed from the charities commission register on the 10 March 2017.

Although we give grants to various other organisations we don't have any significant influence over any of them.

33. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the 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.

	2015/2016 £'000	2016/2017 £'000
Opening Capital Financing Requirement	731	0
Capital Investment		
Property Plant & Equipment	6,708	3,326
Investment Assets	0	15,140
Intangible assets	0	1
Revenue Expenditure Funded from Capital Under Statute	1,157	624
	7,865	19,091
Sources of finance		
Capital receipts	-6,960	-3,357
Government grants and other contributions	-789	-350
Sums set aside from revenue:		
Direct Revenue Contributions	-116	-244
Minimum Revenue Provision	-731	0
	<u>-8,596</u>	<u>-3,951</u>
Closing Capital Financing Requirement	<u>0</u>	<u>15,140</u>
Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by Government financial assistance)	0	15,140
Disposal of Minimum Revenue Provision - Finance lease	-731	0
Increase/(decrease) in Capital Financing Requirement	<u>-731</u>	<u>15,140</u>

34. Leases

The Council as Lessee

Operating Leases

The Council has a number of operating leases. The Primary leases involved are:

Land - Land for Bishops Walk Car Park

Equipment - Xerox Photocopiers & Printers lease

The future minimum lease payments due under leases in future years are:

	31 March 2016 £'000	31 March 2017 £'000
Not later than one year	66	68
Later than one year and not later than five years	229	216
Later than five years	107	95
	402	379

The minimum lease payments do not include rents that are contingent on events yet to take place after the lease was entered into, such as future rent reviews.

The expenditure charged to the Comprehensive Income & Expenditure Account during the year in relation to these leases was:

	2015/2016 £'000	2016/2017 £'000
Minimum Lease Payments	72	68
	72	68

34. Leases (continued)

The Council as Lessor

The Council leases out land and buildings under operating leases for the following purposes:

- For the provision of community services such as sports facilities, recreational and holiday facilities. The primary examples are:

Holiday Caravan Site
Bowling Club & Green
Land for Cricket & Rugby Clubs

- For income generation purposes

A commercial office and industrial unit in Ashchurch near Tewkesbury
Two commercial industrial units in Clevedon, Somerset
Rental of office space within the Council Offices
Golf Clubhouse & Car Parking

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

	31 March 2016 £'000	31 March 2017 £'000
Not later than one year	202	1,140
Later than one year and not later than five years	795	4,454
Later than five years	1,195	8,172
	<u>2,192</u>	<u>13,766</u>

The increase in the income from leasing is due to purchasing a Office and Industrial unit in Ashchurch (near Tewkesbury), during 2016/2017, The annual rental from the lease is £941k

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.

Contingent rents received in the year were:

2015/2016 £'000	2016/2017 £'000
107	164

The Council deficit funded the Swimming Bath Trust (see details above) and had the majority of votes on the Board. This means we effectively controlled the Trust. We did not prepare group accounts as the operating activities are reflected in the deficit funding and the Trust did not have any significant assets or liabilities. As the Cascades centre was closed in May 2016, the Swimming Baths Trust has been removed from the charities commission register on the 10 March 2017.

35. Defined Benefit Pension Schemes

35.1 Participation in Pension Schemes

Employees of Tewkesbury Borough Council are admitted to the Gloucestershire County Council Pension Fund ("the Fund"), which is administered by Gloucestershire County Council under the Regulations governing the Local Government Pension Scheme, a defined benefit scheme. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make payments that needs to be disclosed at the time that employees earn their future entitlement.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. 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.

35.2 Transactions relating to Post-employment Benefits

We recognise 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 we are 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:

a). Comprehensive Income and Expenditure Statement	2015/2016 £'000	2016/2017 £'000
Cost of Services:		
- Current service cost	1,386	1,215
- gain/(loss) on settlements	0	-117
Financing and Investment Income and Expenditure		
- Net interest expense	1,072	952
Total Post Employment Benefit Charged to the Surplus or Deficit	2,458	2,050
Other Post Employment Benefit Charged to the Comprehensive		
- Return on plan assets (excluding the amount included in the net interest expense)	1,248	-5,766
- Actuarial gains and losses arising on changes in demographic assumptions		-176
- Actuarial gains and losses arising on changes in financial assumptions	-6,525	11,659
- Other	-1,079	-2,606
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	-3,898	5,161

35. Defined Benefit Pension Schemes (continued)**b). Movement in Reserves Statement**

	2015/2016	2016/2017
	£'000	£'000
- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	-2,458	-2,050
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers' contributions payable to scheme	2,094	2,310

35.3 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 its defined benefit plans is as follows:

	2015/2016	2016/2017
	£'000	£'000
Present value of the defined benefit obligation	68,514	78,672
Fair value of plan assets	-40,661	-47,968
Net liability arising from defined benefit obligation	<u>27,853</u>	<u>30,704</u>

35.4 Reconciliation of the Movements in Fair Value of the Scheme Assets:

	2015/2016	2016/2017
	£'000	£'000
Opening fair value of scheme assets at 1 April	40,477	40,661
Interest income	1,297	1,421
Effect of Settlements	0	-271
Remeasurement gain/(loss):		
- The return on plan assets, excluding the amount included in the net interest expense	-1,248	5,766
Other		
Contributions from employer	2,094	2,310
Contributions from employees into the scheme	325	330
Benefits paid	-2,284	-2,249
Closing fair value of scheme assets at 31 March	<u>40,661</u>	<u>47,968</u>

35.5 Reconciliation of Present Value of the Scheme Liabilities:

	2015/2016 £'000	2016/2017 £'000
Opening balance at 1 April	74,322	68,514
Current service cost	1,386	1,215
Effect of Settlements		-388
Interest cost	2,369	2,373
Contributions from scheme participants	325	330
Remeasurement gain/(loss):		
- Actuarial gains/losses arising from changes in demographic assumptions	0	-176
- Actuarial gains/losses arising from changes in financial assumptions	-6,525	11,659
- Other	-1,079	-2,606
Benefits paid	-2,284	-2,249
Closing balance at 31 March	68,514	78,672

35.6 Local Government Pension Scheme assets comprised:

Asset category	Period Ended 31 March 2016				Period Ended 31 March 2017			
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets
Equity Securities	7,814	0	7,814	18%	8,759	-	8,759	18%
Debt Securities	6,529	0	6,529	17%	6,425	-	6,425	13%
Private Equity	-	119	119	0%	-	122	122	0%
Real Estate	2,218	1,007	3,225	7%	2,338	1,010	3,348	7%
Investment Funds and Unit Trusts	3,137	19,394	22,531	56%	4,806	23,779	28,585	60%
Derivatives -	4	0 -	4	0%	37	-	37	0%
Cash and Cash Equivalents	446	0	446	2%	693	-	693	1%
Totals	20,140	20,520	40,660	100%	23,058	24,911	47,969	100%

35.7 Basis for Estimating Assets and Liabilities

An estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The figures disclosed below have been derived by suitable approximation methods from the full actuarial valuation of the Fund carried out by Hymans Robertson LLP as at 31 March 2016. The next formal valuation will be as at 31st March 2019.

The significant assumptions used by the actuary have been:

	2015/2016	2016/2017
Long-term expected rate of return on assets in the scheme:		
Equity investments	3.4%	2.6%
Bonds	3.4%	2.6%
Property	3.4%	2.6%
Cash	3.4%	2.6%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
• Men	22.5	22.4
• Women	24.6	24.6
Longevity at 65 for future pensioners:		
• Men	24.4	24.0
• Women	27.0	26.4
Rate of inflation	2.2%	2.4%
Rate of increase in salaries	3.7%	2.7%
Rate of increase in pensions	2.2%	2.4%
Rate for discounting scheme liabilities	3.5%	2.6%

35.8 Commutation

An allowance is included for future retirements to elect to take 35% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 68% of the maximum tax-free cash for post-April 2008 service.

35.9 Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables 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 the 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, i.e. 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 the previous period.

35. Defined Benefit Pension Schemes (continued)

Impact on the Defined Benefit Obligation in the scheme

Change in assumptions at year ended 31	Approx. % increase	Approx. monetary
0.5% decrease in Real Discount Rate	9%	7,309
0.5% increase in the Salary Increase Rate	1%	1,012
0.5% increase in the Pension Increase Rate	8%	6,202

35.10 Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at a stable, affordable rate whilst ensuring the solvency of the fund at the same time. The County Council has agreed a strategy with the scheme's actuary to cap the employer contribution rate for 3 years, until the next triennial valuation in 2019, with a stepped monetary amount to stabilise the payments.

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 contribution rates for the accounting periods till the next triennial valuation are:

	% of payroll		Monetary amount
Certified rates for the year ending:			
31 March 2018	17.5%	plus	1,583
31 March 2019	17.5%	plus	1,775
31 March 2020	17.5%	plus	1,968

36. Contingent Assets

Following the decision on reclaiming VAT resulting from the Fleming v Customs & Excise case a settlement based on simple interest was agreed and included in the 2008/2009 accounts as an adjusting post balance sheet event. However an appeal for compound interest has been lodged with the Customs but this is expected to be at least 2 to 3 years before the case is decided. The level of the claim is expected to be in the region of £300,000.

Note 37. 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, inflation rates and stock market movements

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

The Council has a risk management strategy and a corporate risk register is in place which is reported to Audit Committee on a quarterly basis. All significant projects are also supported with risk registers. Operational type risks are dealt with through normal business dialogue. Risk is a standing agenda item on the Corporate Management Team agenda and all committee reports have a risk implications box.

Risk management is carried out by the Treasury Officer under policies approved by the Executive Committee within the Treasury Management Strategy. The Treasury Management Policy and Strategy covers all areas of risk management, including liquidity, interest rates and credit. The latest Treasury Management Strategy went to Council on 18 February 2016 and can be found using the following web link:

[Tewkesbury Borough Council - Agenda for Council on 21 February 2017](#)

[Tewkesbury Borough Council - Agenda for Council on 18 February 2016](#)

The Treasury Management policy was last approved by Council on 13 April 2010

An update to the policy was taken to Council on 23 February 2012

Credit Risk

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

Deposits with banks and financial institutions

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, based on information from recognised Credit Rating Agencies. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The Council has treasury management advisors who support the Council in managing the risk profiles from investments and identifying suitable organisation to invest in. They have access to a wide range of information such as financial statements, quality press and other market measures. Due to the current economic environment and the reducing level of balances available to invest the treasury management policy is that a maximum of £2m can be lent to any one institution (including group companies) apart from our current account bank Barclays Bank PLC.

Note 37. Nature and extent of risks arising from financial instruments (continued)

Specified Investments

Specified investments are those expected to offer relatively high security and high liquidity, and can be entered into with the minimum of formalities. The CLG Guidance defines specified investments as those:

- Denominated in pound sterling,
- Due to be repaid within 12 months of arrangement,
- Not defined as capital expenditure by legislation, and
- Invested with one of:
 - The UK Government,
 - A UK local authority, parish council or community council, or
 - A body or investment scheme of “high credit quality”.

The Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

The Council uses long-term credit ratings from the three main rating agencies Fitch Ratings Ltd, Moody's Investors Service Inc. and Standard & Poor's Financial Services LLC to assess the risk of investment default. The lowest available credit rating will be used to determine credit quality unless an investment specific rating is available.

Current account bank

Following a banking tender in 2015, the Council's current account continues to be held with Barclays PLC, which is currently above the minimum BBB+ rating. Should the credit ratings fall below BBB+ the Council may continue to deposit surplus cash with Barclays PLC providing that investments can be withdrawn on the next working day, and that the bank maintains a credit rating no lower than BBB- (the lowest investment grade rating).

Non-specified Investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation (such as company shares or corporate bonds).

Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition of high credit quality. The maximum duration of the investment will depend upon its lowest published long-term credit rating.

The total limit on long-term cash investments, and the total limit on non-specified investments is £7m.

If these restrictions mean that insufficient commercial organisations of “high credit quality” are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

The Council has no reason to expect any losses from counterparties in relation to deposits and has unallocated revenue reserves of £450k (working balance) to cover investment losses.

Note 37. Nature and extent of risks arising from financial instruments (continued)**Credit exposures to the authority's customers.**

Customers for goods and services are assessed depending on the nature of the service or goods provided, i.e. a commercial waste customer will be assessed on their past history with the Council among other things and services withdrawn if payment stop whereas debtors for statutory services may be dealt with more leniently. Financial checks are carried out for some customers depending on the contract values. A credit checking agency is used to check substantial creditors before contracts are awarded.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and write offs over the last five financial years. We have no evidence to suggest that market conditions are any different to the estimated default level.

Rating	Amount outstanding at 31st March 2017	Historical experience of default (adj. for market condition s)	Estimated maximum exposure to default and collectability at 31st March 2016	Estimated maximum exposure to default and collectability at 31st March 2017
	£'000		£'000	£'000
Customers	400	0.19%	2	1

The Council does not generally allow credit for customers. Currently £219k of the £400k balance (after allowing for specific provision) is past its due date for payment (allowing 30 days for payment). The past due can be analysed by age as follows.

	31st March 2016 £'000	31st March 2017 £'000
Less than three months	69	11
Three to six months	95	57
Six Months to one year	27	16
More than one year	28	13
	219	97

Note 37. Nature and extent of risks arising from financial instruments (continued)

Liquidity Risk

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. As the Council has ready access to borrowings from the Public Works Loan Board and an active lending market, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. With total investments of £6m, of which all are maturing in less than a year (and cash and cash equivalents of £11m) the Council has no significant liquidity risk.

Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The current objective as advised by our treasury management advisors, is to strike an appropriately low risk balance between securing current low interest costs and achieving certainty of those costs over the period for which funds are required. The benefits of internal/short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. The Council's treasury management advisors will assist the Authority with this 'cost of carry' and breakeven analysis

The maturity analysis of financial liabilities is as follows:

	31st March 2016 £'000	31st March 2017 £'000
Less than one year	0	15,000
TOTAL	0	15,000

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

Market Risk

Interest rate risk

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the 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 liabilities borrowings will fall
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates - the fair value of the assets will fall.

Note 37. Nature and extent of risks arising from financial instruments (continued)

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or 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. Policy is to aim to manage its exposure to fluctuations in interest rates with a view to containing interest costs, or securing interest revenues, in accordance with the amounts set in its budgetary arrangements.

The Treasury Management Officer has a benchmark of the level of investment income they aim to achieve within a year and this is monitored on a monthly basis. Also, the Officer regularly calculates the anticipated level of interest receivable in the year (and future years) based on current interest rate estimates.

As the Council only has fixed rate investments which are short term and equity investments a change in the interest rate would have minimal effect on the Council. However the impact of a 1% increase in interest rates on the short term investment and borrowing portfolio as at the 31/03/17 would be an additional cost of £124,192.

Price Risk

The Council does not generally invest in equity shares but does have exposure to shares in short term liquidity funds. The Council is consequently exposed to losses arising from movements in the prices of the shares.

As the only funds we invest in are cash plus funds, which are designed to minimise risk by holding a diversified portfolio, our exposure to share price changes is minimal and we can also sell our shares easily, and quickly in an active market.

The shares in the funds mentioned above are all classified as 'available for sale' meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure. A general shift of 5% in the general price of shares (positive or negative) would have resulted in an additional £200k gain or loss being recognised in the Other Comprehensive Income and Expenditure for 2016/2017.

Legal and Regulatory Risk Management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

Inflation Risk Management

The Council will manage its exposure to fluctuations in interest rates with a view to containing interest costs, or securing interest revenues, in accordance with the amounts set in its budgetary arrangements.

38. Trust Funds

The Council acts as sole trustee for one trust fund and as one of several trustees for another trust.

Sole Trustee

The Horsford Trust

This Trust is managed by the Council as well but under the strict guidelines of a Charity Commission scheme that was set up by the late benefactor Fanny Horsford.

There are no formal records of assets and liabilities as the charity falls under the threshold for the Charity Commission so only an annual return including income and expenditure is required.

	2015/2016 £'000	2016/2017 £'000
Income	11	9
Expenditure	-2	-1

Reserve held on behalf of the Trust is carried in our balance sheet. In 2016/2017 it was £47,751 (£38,974 in 2015/2016).

In this case the funds do not represent the assets of the Council and therefore they have not been included only as a third party reserve in the balance sheet.

One of several trustees

Tewkesbury Swimming Bath Trust

The Trust was set up in 1968 by trust deed and our Councillors make up the majority of the board.

The Trust was established 'to provide and maintain a swimming bath for the use of the inhabitants of the beneficial area'. Cascades Leisure Centre was owned by the Trust (the building only) and run by the Council on behalf of the Trust (under a management agreement). The Council deficit funded the Swimming Bath Trust and had the majority of votes on the Board. This means we effectively controlled the Trust. We do not prepare group accounts as the Operating activities are reflected in the deficit funding (see related parties note 32) and the Trust did not have any significant assets or liabilities.

The Cascades Swimming Pool was closed in May 2016, and was replaced by a new Leisure Centre on a different site in Tewkesbury. The Swimming Baths Trust has been removed from the charities commission register on the 10 March 2017.

THE COLLECTION FUND

Income and Expenditure Statement

2015/2016				Note	2016/2017		
£'000 Business rates	£'000 Council Tax	£'000 Total			£'000 Business rates	£'000 Council Tax	£'000 Total
Income							
0	46,187	46,187	Council Tax Receivable	2	0	48,897	48,897
0	0	0	Transfer from General Fund: Council Tax Benefits	2	0	0	0
28,317	0	28,317	Business Rates Receivable		35,710	0	35,710
28,317	46,187	74,504	Total Income		35,710	48,897	84,607
Expenditure							
Precepts, Demands and Shares							
17,514	0	17,514	Payments to Central Government		17,178	0	17,178
14,011	4,757	18,768	Tewkesbury Borough Council		13,742	5,023	18,765
3,503	33,843	37,346	Gloucestershire County Council		3,435	36,079	39,514
0	6,447	6,447	Gloucestershire Police Authority		0	6,691	6,691
124	0	124	Cost of Collection Allowance		125	0	125
35,152	45,047	80,199			34,480	47,793	82,273
Bad and Doubtful Debts:							
374	134	508	Write Offs		140	103	243
-80	7	-73	Provisions		21	11	32
-4,891	0	-4,891	Provision for appeals		3,574	0	3,574
-4,597	141	-4,456			3,735	114	3,849
-6,530	980	-5,550	Transfer of Collection Fund Surplus	4	-9,285	980	-8,305
24,025	46,168	70,193	Total Expenditure		28,930	48,887	77,817
4,292	19	4,311	Surplus/(Deficit)		6,780	10	6,790
Movement on Fund							
-14,938	1,312	-13,626	Balance at 1st April		-10,646	1,331	-9,315
4,292	19	4,311	Surplus/(Deficit)		6,780	10	6,790
-10,646	1,331	-9,315	Balance as at 31st March		-3,866	1,341	-2,525
Allocated to:							
-5,323	0	-5,323	Central Government		-1,933	0	-1,933
-4,258	140	-4,118	Tewkesbury Borough Council		-1,546	141	-1,405
-1,065	1,002	-63	Gloucestershire County Council		-387	1,014	627
0	189	189	Gloucestershire Police Authority		0	186	186
-10,646	1,331	-9,315			-3,866	1,341	-2,525

1. General

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions in relation to Business Rates, Council Tax and any residual Community Charge. It illustrates how these have been distributed to preceptors or the General Fund. The Collection Fund is consolidated with other accounts of the Council.

In 2013/2014, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The scheme allows the Council to retain a proportion of the total NNDR received subject to a levy. Tewkesbury Borough Council's share is 40% with the remainder paid to precepting bodies (50% to Central Government and 10% to Gloucestershire County Council).

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

2. Council Tax

2.1 Council Tax Property Valuations

Residential properties are classified by the District Valuer into eight bands based on their estimated value at 01 April 1991. Each band has a multiplier on which the eventual tax is set. The only exception is where properties have been adapted for physically disabled residents where a special band has been introduced.

The valuation banding and multipliers are as follows:

Band	Range of Values	Multiplier
Z	Adapted Property Band	5/9
A	Up to and including £40,000	6/9
B	£ 40,001 to £52,000	7/9
C	£ 52,001 to £68,000	8/9
D	£ 68,001 to £88,000	1
E	£ 88,001 to £120,000	11/9
F	£120,001 to £160,000	13/9
G	£160,001 to £320,000	15/9
H	More than £320,000	18/9

2.2 Council Tax Base

For 2016/2017 the tax base was 31,814.95 compared to 31,034 in 2015/2016. This increase was due to property growth during the 2014/2015 financial year.

In 2013/2014, the local government finance regime was revised and Council Tax Benefit is no longer received by the council. This has been replaced by a Council Tax Reduction Scheme which is administered in each authority.

The 2016/2017 base was calculated as follows:

Band	Number of Chargeable Dwellings	Multiplier	Band D Equivalents
Z	13.75	5/9	7.64
A	3830.91	6/9	2,553.94
B	4731.07	7/9	3,679.72
C	8909.75	8/9	7,919.78
D	5051.31	9/9	5,051.31
E	4392.14	11/9	5,368.17
F	2818.84	13/9	4,071.66
G	1703.18	15/9	2,838.63
H	168.2	18/9	336.40
Total Band D Equivalents			31,827.25
Collection Rate			98.50%
Chargeable Band D Equivalents			31,349.95
Armed Forces class 'O' contributions in lieu of Council Tax			465
Council Tax Base 2016/2017			31,814.95

2.3 Council Tax Level

The Council Tax levels set by the Council are required to cover the demands made by Gloucestershire County Council, Gloucestershire Police Authority, Tewkesbury Borough Council and individual Parishes.

The Precept made by each of these authorities on the Collection Fund is analysed below:

	2015/2016 £'000	2016/2017 £'000
Gloucestershire County Council	33,843	36,079
Police Authority	6,447	6,691
Tewkesbury Borough Council	3,084	3,320
Total for Parishes	1,673	1,703
	45,047	47,793

The Council set an average council tax level for 2016/2017 at Band D of £1,502.19, including Parish precepts, compared to £1,451.5 in 2015/2016. This is broken down as follows:

	2015/2016 £	2016/2017 £
The Council deficit funded the :		
Gloucestershire County Council	1,090.50	1,134.01
Police Authority	207.73	210.31
Tewkesbury Borough Council	153.27	157.87
	1,451.50	1,502.19

The Band D tax level for Parish budgets ranged from nil to £101.52

3. Income from Business Ratepayers

The Council collects Non-Domestic (Business) Rates for its area. These are based on local rateable values set by the District Valuer £82,368,350 at 31 March 2017 (£81,272,396 at 31 March 2016), multiplied by a uniform rate in the pound set by Central Government. In 2016/2017 the government provided a reduced rate for businesses with small rateable values of less than £18,000. For 2016/2017 this was set at 48.4p (2015/2016 48.0p), with the standard rate in the pound being 49.7p (2015/2016 49.3p) for the year.

4. Movements on Fund Balance

When setting the Council Tax and previously the Community Charge, the levels were based on estimated numbers of properties/chargepayers, discounts and losses on collection. At the year end this is matched against actual performance and may result in a surplus or deficit on the fund.

	Council Tax £'000	Total £'000
Balance at 1 April 2016	1,331	1,331
Income 2016/2017	48,783	48,783
Precepts 2016/2017	47,793	47,793
Surplus Distributed 2016/2017	980	980
Balance at 31 March 2017	1,341	1,341
Committed Distribution 2017/2018	640	640
Balances for distribution 2017/2018	701	701

The surplus or deficit on the Council Tax is shared between Gloucestershire County Council, Gloucestershire Police Authority and Tewkesbury Borough Council in proportion to the level of their respective precepts in the preceding financial year. It is also only available to reduce or increase future Council Tax Levels set by each authority.

With regards to the Business Rates, any surplus or deficit is shared out in the relevant proportions mentioned in note 1.

Opinion on the financial statements

We have audited the financial statements of Tewkesbury Borough Council (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Head of Finance & Asset Management and auditor

As explained more fully in the Statement of the Head of Finance and Asset Management's Responsibilities, the Head of Finance and Asset Management is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance and Asset Management and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Tewkesbury Borough Council as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report is consistent with the financial statements.

Matters on which we report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Authority under section 24 of the Act; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing value for money through economic, efficient and effective use of its resources

Respective responsibilities of the Authority and the auditor

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

We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Authority's arrangements for securing value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code of Audit Practice"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects, Tewkesbury Borough Council has put in place proper arrangements for securing value for money through economic, efficient and effective use of its resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the accounts of the Authority in accordance with the requirements of the Act and the Code

Julie Masci
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

Accounting Policies

The specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

Accruals

Money which is owed by/to the Council as at 31st March.

Actuarial Gains and Losses

These comprise:

- - Experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), and
- - The effects of changes in actuarial assumptions.

Capital Receipts

Capital money received from the sale of land or other assets, which is available to finance other items of capital spending.

Capital Expenditure

The acquisition of assets which have a long-term value to the Council in the provision of its services (e.g. land), purchasing existing buildings or erecting new ones, purchasing furniture, equipment, etc.

Cash Equivalents

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Creditor

Where money is due to a third party at year end for goods or services that have been received on or before 31st March, but not yet paid for.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the professional body for accountants working in local government and public bodies. The Institute provides financial and statistical information services for local government and advises central government and other bodies on local government and public finance matters. Members of the Institute are entitled to the letter CPFA after their names, and membership is by examination. CIPFA is an entirely privately funded body.

Contingent Asset

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the local authority's control.

Contingent Liability

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control, or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Control

The ability of the reporting authority to direct the operating and financial policies of another entity with a view to gaining future economic benefits or service potential from its activities.

Current Service Cost

The increase in the present value of a defined benefit obligation (liabilities) resulting from employee service in the current period.

Depreciation

This is a charge made to the Income and Expenditure account each year that reflects the reduction in an asset used in the delivery of a service.

Dominant Influence

Influence that can be exercised by the reporting authority to exercise the operating and financial policies desired by the reporting authority, notwithstanding the rights or influence of any other party.

Entity

A body corporate, partnership, trust, unincorporated association, or statutory body that is delivering a service, or carrying on a trade or business, with or without a view to profit.

External Audit

The independent examination of the accounts of local authorities. This is carried out on behalf of the Audit Commission by either the District Auditor or a private firm of auditors.

Fair Value

The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's-length transaction.

Financial Regulations

A formal code of procedures to be followed in the financial management of the Council.

Financial Year

The financial year runs from 1st April to 31st March.

General Fund (GF)

The fund from which the expenditure of district councils is financed.

Government Guidelines

These are contained in white papers, circulars or letters from Central Government. They give advice to local authorities of the current and future expenditure levels forecast nationally for different public sector services. They are advisory or for information only, i.e. they are not mandatory.

Gross Expenditure

The cost of providing the Councils services before deduction of Government grants or other sources of income.

Group

A reporting authority and its subsidiary entities.

Housing Benefits

Introduced in the Social Security and Housing Benefits Act 1982 - a system of financial assistance towards the rent and rates of those in financial need. Costs incurred by Councils are partly reimbursed by direct grant from Central Government.

Housing Subsidy

Subsidies payable by Central Government to reduce housing costs.

Interest on Revenue Balances (or interest receipts)

The day to day cash flow of the authority is invested when it is in surplus, and borrowing is required when it is in deficit. The interest earned on any net surplus over the year is given one or other of these names.

Internal Audit

A continuous review maintained by the Corporate Head of Financial Services and Resources over all functions of the Council to ensure, among other things, the correctness of all income and expenditure.

IFRS

International Financial Reporting Standards advise the accounting treatment and disclosure requirements of transactions so that an authority's accounts 'present fairly' the financial position of the authority.

Inventories

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. Stocks comprise the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components purchased for incorporation into products for sale

Liability

A present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the authority of resources embodying economic benefits or service potential.

Material

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements.

Minority Interest

The interest in a subsidiary entity included in the consolidation that is attributable to the proportion of the stake holding on behalf of persons other than the reporting authority.

Minimum Revenue Provision

MRP is the minimum amount which must be charged each year in order to provide for the repayment of loans and other amounts borrowed by the authority.

National Non-Domestic Rates (NNDR)

Local tax for businesses based on value of business properties.

Past Service Cost

The increase in the present value of the defined benefit liability (obligation) for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

Precept

The amount each authority (the County Council, Police Authority, District and Parishes) requests from the council taxpayer to meet its income and expenditure plans.

Prior Period Adjustments

Prior period adjustments are required when an error is material.

Prospective Application

Applying a change to transactions, other events and conditions from the date of change of estimate.

Provision

A liability of uncertain timing or amount.

P.W.L.B.

Public Works Loan Board

Recoverable Amount

The higher of fair value less costs to sell of an asset and its value in use.

Reserve

Where money is available for a specific purpose but no commitment has been made on or before the 31st March, a reserve can be set up to carry the money forward to the next year when the money can be used for the specific purpose for which it was intended. When expenditure takes place the reserve is credited to the relevant year after the calculation of the Net Cost of Services.

Retrospective Application

Applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

Revenue Support Grant (RSG)

A grant paid by Central Government, to local authorities, in aid of revenue. This is not paid for specific services.

Revenue Expenditure

The day to day running costs which consist principally of salaries and wages, general running expenses and capital financing costs.

Shared Services

Shared Services are where two or more authorities have arranged under an agency agreement for one authority to provide the service on behalf of all authorities covered by the agreement.

Significant Influence

The power to participate in the financial and operating policy decisions of an authority, but not control those policies.

Specific Grants

Government grants to local authorities in aid of particular projects or services, e.g. housing benefit grant, magistrates courts grant, police grant.

Standing Orders

The set of rules adopted by the Council which establish the procedures by which the Council should operate. In particular, there will be financial standing orders and financial regulations to govern financial administration, e.g. the tendering procedures.

Subsidiary

An entity is a subsidiary of the reporting authority if:

- The authority is able to exercise control over the operating and financial policies of the entity, and
- The authority is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

Support Services

Those services which provide the administrative and financial back-up to the direct delivery of services.

Uniform Business Rate

Every business in the country is charged a set rate in the pound, which is determined by Central Government. The money collected is redistributed to authorities per head of population.

Useful Life

The period which an asset is expected to be available for use by an entity.

Value in Use

- Of a non-cash generating asset - the present value of the asset's remaining service potential.
- Of a cash generating asset - the present value of the future cash flows expected to be derived

Vested Employee Benefits

Employee benefits that are not conditional on future employment.