

22 September 2015

Committee	Audit
Date	Wednesday, 30 September 2015
Time of Meeting	2:00 pm
Venue	Committee Room 1

ALL MEMBERS OF THE COMMITTEE ARE REQUESTED TO ATTEND



**for Sara J Freckleton
Borough Solicitor**

Agenda

1. ANNOUNCEMENTS

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the visitors' car park at the front of the building and await further instructions (staff should proceed to their usual assembly point). Please do not re-enter the building unless instructed to do so.

In the event of a fire any person with a disability should be assisted in leaving the building.

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To receive apologies for absence and advise of any substitutions.



	Item	Page(s)
3.	DECLARATIONS OF INTEREST	
	Pursuant to the adoption by the Council on 26 June 2012 of the Tewkesbury Borough Council Code of Conduct, effective from 1 July 2012, as set out in Minute No. CL.34, Members are invited to declare any interest they may have in the business set out on the Agenda to which the approved Code applies.	
4.	MINUTES	1 - 11
	To approve the Minutes of the meeting held on 24 June 2015.	
5.	GRANT THORNTON AUDIT FINDINGS 2014/15	12 - 45
	To consider Grant Thornton's audit findings 2014/15.	
6.	LETTER OF REPRESENTATION	46 - 48
	To consider the S.151 Officer's Letter of Representation on the closure of the accounts for the year ended 31 March 2015.	
7.	STATEMENT OF ACCOUNTS 2014/15	49 - 147
	To approve the Statement of Accounts 2014/15.	
8.	PROSECUTION POLICY FOR THE COUNCIL TAX REDUCTION SCHEME	148 - 163
	To recommend to the Executive Committee that the revised Prosecution Policy for the Council Tax Reduction Scheme be approved.	
9.	INTERNAL AUDIT PLAN MONITORING REPORT	164 - 204
	To consider the audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited for the period April to August 2015.	
10.	ICT ASSET INVENTORY AUDIT	205 - 210
	To consider the progress which has been made in implementing the Internal Audit recommendations to improve the control over ICT assets.	
11.	HEATH AND SAFETY - RISK ASSESSMENTS AUDIT	To Follow
	To consider the progress which has been made in relation to the recommendations arising from the risk assessments audit.	

12. CORPORATE RISK REGISTER

211 - 220

To consider the Risk Register and the risks contained within it.

DATE OF NEXT MEETING**WEDNESDAY, 16 DECEMBER 2015****COUNCILLORS CONSTITUTING COMMITTEE**

Councillors: K J Cromwell, A J Evans, R Furolo (Chairman), Mrs P A Godwin, B C J Hesketh, Mrs S E Hillier-Richardson and Mrs H C McLain (Vice-Chairman)

Substitution Arrangements

The Council has a substitution procedure and any substitutions will be announced at the beginning of the meeting.

Recording of Meetings

Please be aware that the proceedings of this meeting may be recorded and this may include recording of persons seated in the public gallery or speaking at the meeting. Please notify the Democratic Services Officer if you have any objections to this practice and the Chairman will take reasonable steps to ensure that any request not to be recorded is complied with.

Any recording must take place in such a way as to ensure that the view of Councillors, Officers, the public and press is not obstructed. The use of flash photography and/or additional lighting will not be allowed unless this has been discussed and agreed in advance of the meeting.

TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit Committee held at the Council Offices,
Gloucester Road, Tewkesbury on Wednesday, 24 June 2015
commencing at 2:00 pm**

Present:

Chairman

Councillor R Furolo

and Councillors:

K J Cromwell, A J Evans, Mrs P A Godwin, Mrs S E Hillier-Richardson, T A Spencer (Substitute for B C J Hesketh) and R J E Vines (Substitute for Mrs H C McLain)

AUD.3 ANNOUNCEMENTS

- 3.1 The evacuation procedure, as noted on the Agenda, was advised to those present.
- 3.2 The Chairman welcomed Alex Walling, Engagement Lead from Grant Thornton, and David Johnson, Audit Manager for Tewkesbury Borough Council from Grant Thornton, to the meeting.

AUD.4 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

- 4.1 Apologies for absence were received from Councillors B C J Hesketh and Mrs H C McLain (Vice-Chairman). Councillors T A Spencer and R J E Vines would be acting as substitutes for the meeting.

AUD.5 DECLARATIONS OF INTEREST

- 5.1 The Committee's attention was drawn to the Tewkesbury Borough Council Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.
- 5.2 The following declaration was made:

Councillor	Application No./Item	Nature of Interest (where disclosed)	Declared Action in respect of Disclosure
T A Spencer	General Declaration.	Had previously had dealings with Grant Thornton at another local authority.	Would speak and vote.

- 5.3 No further declarations were made on this occasion.

AUD.6 MINUTES

- 6.1 The Minutes of the meeting held on 18 March and 26 May 2015, copies of which had been circulated, were approved as correct records and signed by the Chairman.

AUD.7 GRANT THORNTON PROGRESS REPORT

- 7.1 Attention was drawn to Grant Thornton's progress report, circulated at Pages No. 11-23, which set out the progress that had been made in relation to the Audit Plan, together with any emerging national issues and developments that might be relevant to the Borough Council. Members were asked to consider the report.
- 7.2 Members were informed that the Accounts Audit Plan 2014/15 was complete and would be presented to the Committee under the next Agenda Item. The interim accounts audit had also been completed and the findings would be reflected in the Audit Plan. The 2014/15 final accounts audit would commence in August in order to present to the Committee at its meeting in September. In terms of the value for money work, Members were advised that Grant Thornton carried out an assessment to ensure that the Council had proper arrangements in place for securing financial resilience and challenging how it secured economy, efficiency and effectiveness. Grant Thornton would present its value for money conclusion to the Committee in September.
- 7.3 With regard to emerging issues and developments, particular attention was drawn to Page No. 21 which related to provision for business rates appeals. It was felt that this may be of interest to Members given Tewkesbury Borough Council's experience with Virgin Media and the costs associated with that revaluation. In addition, Members were reminded that legislation had recently been passed to bring forward the deadlines for the preparation and audit of Local Government financial statements and an update was provided at Page No. 22 of the report. The current statutory deadline for the preparation of financial statements was 30 June with the deadline for audit completion on 30 September. These deadlines would be brought forward to 31 May and 31 July respectively from 2018 and assurance was provided that good progress was being made towards meeting those targets.
- 7.4 A Member drew attention to the challenge question at the bottom of Page No. 19, "Have members been briefed on the key findings of the Independent Commissioner's final report?" The Finance and Asset Management Group Manager advised that a seminar on devolution, and the associated issues, had been arranged for all Members on Tuesday 30 June 2015 at 5.00pm. It was

RESOLVED That the Grant Thornton progress report be **NOTED**.

AUD.8 GRANT THORNTON ACCOUNTS AUDIT PLAN 2014/15

- 8.1 Attention was drawn to the Grant Thornton Accounts Audit Plan 2014/15, circulated at Pages No. 24-38, which set out the Audit Plan for the year ended 31 March 2015. Members were asked to consider the information provided.
- 8.2 The report outlined the challenges and opportunities which the Council was facing. The common themes which had been identified were business rates; the provision of shared services through One Legal; and, outsourcing of waste collection to Ubico. In planning the audit, Grant Thornton had also considered the impact of key developments in the sector and taken account of national audit requirements, as set out in the Code of Audit Practice and associated guidance. The audit approach was shown in the form of a diagram at Page No. 29 of the report. Page No. 30 gave an overview of the controls and processes which Grant Thornton proposed should be

undertaken in order to address the significant risks identified. With regard to the risk of management over-ride of controls, early testing had been carried out for journal entries to the end of February. In terms of further work, testing of journal entries for period 12 was planned but that would be a quicker audit. Two other risks had been identified in respect of operating expenses and employee remuneration and work had been carried out in those areas to gain assurance over the figures which would be included in the Statement of Accounts. In relation to value for money, the outcomes from the previous year would be reviewed and any new risks would be identified. The findings from the interim audit work were set out at Pages No. 33-34 of the report and Members were advised that no issues had been identified. Any issues with individual transactions would be carried forward to the audit of the financial statements and reported in the audit findings report in September. The report also set out the key dates in the audit cycle and the fees for the work which were based on the Audit Commission contract and decreased year on year.

8.3 A Member sought clarification as to why employee remuneration had been identified as a risk. The Audit Manager from Grant Thornton explained that no judgements were being made, however, part of the process was to identify areas in the Statement of Accounts which were considered to be at higher risk of error or material misstatement. They tended to be larger value, larger volume areas. The report set out the particular areas within the risk which Grant Thornton would look at and how they would be addressed in order to gain assurance that they would be fairly stated within the Statement of Accounts.

8.4 It was

RESOLVED That the Grant Thornton Accounts Audit Plan 2014/15 be **NOTED**.

AUD.9 GRANT THORNTON FEES LETTER 2015/16

9.1 Attention was drawn to Grant Thornton's fee letter, circulated at Pages No. 39-42, which set out the proposed fee, together with the scope and timing of the work for 2015/16. Members were asked to consider the fee letter.

9.2 The Engagement Lead from Grant Thornton explained that the actual audit fee was set by the Audit Commission and was reduced by 25% year on year following a recent procurement exercise. In terms of work carried out, the fee included: audit planning and interim audit; final audit of the financial statements; value for money conclusion; and the whole government accounts return. There was only one grant certification, which related to housing benefit, and the indicative grant certification fee had been set at £9,110. The scale fee for 2015/16 was £44,921 and the outline timetable for the work was set out at Pages No. 40-41 of the report. The key Members of the audit team for 2015/16 would remain unchanged.

9.3 A Member indicated that the Grant Thornton Accounts Audit Plan 2014/15, which had been considered under the previous Agenda Item, had stated that the total fee was £72,595, however, the billing schedule included in the Fees Letter set out that the total fee would be £54,031 and he questioned why there was a reduction in the saving being made. The Engagement Lead from Grant Thornton advised that the bulk of the reduction was due to the 25% year on year decrease introduced by the Audit Commission; however, the certification fee for the two years was also slightly different.

9.4 It was

RESOLVED That the Grant Thornton Fees Letter 2015/16 be **NOTED**.

AUD.10 CRITICAL JUDGEMENTS AND ASSUMPTIONS MADE DURING THE PREPARATION OF THE STATEMENT OF ACCOUNTS

- 10.1 The report of the Finance and Asset Management Group Manager, circulated at Pages No. 43-48, set out the critical accounting judgements and key sources of estimation uncertainty that would be used in preparing the 2014/15 accounts. Members were asked to approve the judgements and to note the key sources of estimation uncertainty.
- 10.2 The Finance Manager explained that the Audit Committee had approved the accounting policies to be used during the 2014/15 closedown at the meeting in March 2015. In applying the Council's accounting policies, certain judgements had to be made about complex transactions, or those involving uncertainty about future events, and it was considered that it would be beneficial for Members to know what assumptions were made during the preparation of the accounts which the Committee would be asked to approve in September. The judgements were set out at Appendix A of the report and would be included as a note in the Statement of Accounts. Members were advised that there was a high degree of uncertainty about future levels of funding for local government and an assumption had been made that it would remain an ongoing concern in the future. It had been deemed that the Council had control of the Swimming Bath Trust on the basis that it had the right to appoint the majority of representatives to the board and, as the management agent, it had control over the financial and operating policies of the pool. However, as the site had been revalued to nil as part of the work around the delivery of a new leisure centre, a decision had been taken not to prepare group accounts on the basis of immateriality. The Finance Manager went on to explain that the Council's former insurers, Municipal Mutual Insurance Limited, had ceased to trade in 1992 and the Council had become a party to the scheme of administration for outstanding liabilities at that time. The directors had triggered the scheme of arrangement which meant that the Council was subject to a maximum liability of £159,699. An initial rate of £23,954 had been suggested to achieve a solvent run off and that had been paid over in January 2014; however, an additional 10% had been included in the long term provisions in case more money was required. The level of business rate appeals under the business rate retention scheme had been calculated using historic appeals information. The ones which were outstanding where statistical information was available relating to the outcome of past appeals had been calculated using the average success rate and rateable value loss. The appeals relating to Virgin Media had been treated separately as they were unique cases. The hearing relating to the 2005 assessment had resulted in a reduction in rateable value of 40% and that had been used as the basis for establishing a provision for the outstanding 2010 Virgin Media appeals. Members were advised that IAS 19 disclosures included information on the assets which made up the Local Government Pension Scheme for the Council. Rather than including the full list, a decision had been taken to summarise the categories that the Pension Fund had invested in.
- 10.3 The Finance Manager advised that the Statement of Accounts contained estimated figures taking into account historical experience, current trends and other relevant factors. The items in the Authority's Balance Sheet as at 31 March 2015, for which there was a significant risk of material adjustment in the forthcoming financial year, were set out at Appendix B to the report, however, Members were informed that the version attached to the Committee report was incorrect and an updated version was circulated around the table for information. With regard to Property, Plant and Equipment, Members noted that the current economic climate made it uncertain that the Council would be able to sustain its current spending on repairs and maintenance which called into question the useful life of assets and, as such, the depreciation charge could be inaccurate. Business rates were a major source of

estimation and uncertainty and the provision for the current year was £3.8M for the Council's share, a significant increase from £1.1M the previous year. It was likely that some appeals would be settled differently to anticipated which could increase costs for the Council. In terms of arrears, the Council had a balance on doubtful debts of £737,289, of which £722,211 related to a general provision. Housing benefit general provision had increased from 45% to 60% due to the levels of debts increasing, increased pressure on benefits and the future introduction of Universal Credit. Pension liabilities were included by the actuaries as part of their work and was based on a number of estimates including the discount rate used, the rate at which salaries were projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The actuaries carried out an analysis to work out the impact of those assumptions, based on the figures in the accounts. A Member queried whether there was a specific reason for the debts of over £5,000 set out in the arrears section and whether this was unusual. The Finance Manager explained that this related to housing benefit debt which had been outstanding for a long period of time, for instance, when people failed to notify of a change in circumstances. The Council was active in attempting to recover this money but it was not always a straight forward process; some people paid back their debts at a low rate which meant that it took some time for the overall amount owed to be reduced.

10.4 Having considered the information provided, it was

RESOLVED That the critical accounting judgements that would be used in completing the 2014/15 annual accounts be **APPROVED** and the key sources of estimation uncertainty be **NOTED**.

AUD.11 INTERNAL AUDIT PLAN MONITORING REPORT

11.1 The report of the Corporate Services Group Manager, circulated at Pages No. 49-88, was the final monitoring report of the financial year and summarised the remaining work undertaken by the Internal Audit team during 2014/15. Members were asked to consider the audit work completed and the assurance given on the adequacy of internal controls operating in the systems audited.

11.2 Members were advised that full details of the work undertaken were attached at Appendix 1 to the report and a list of audits within the 2014/15 Audit Plan and their progress to date could be found at Appendix 2 to the report. The Corporate Services Group Manager confirmed that all audit work had been completed, with the exception of the audit of Individual Electoral Registration (IER), which translated to a 92.31% completion of the original plan with 24 out of 26 audits completed; it was noted that one audit had been completed after 31 March 2015. Days had been allocated within the 2015/16 Audit Plan, following the elections, to carry out the work around IER. Members were advised that two additional internal audits had been undertaken during the year in respect of business flood grants and Repair and Renew grants and that those were in addition to the Tewkesbury Town Council audit. For the period being reported, all audit opinions had been given either a 'good' or 'satisfactory' level of control with the exception of health and safety (risk assessments), which had a 'limited' audit opinion, and ICT asset inventory, which had an 'unsatisfactory' audit opinion. In terms of health and safety, there had previously been no formal reporting mechanism to Council apart from the 'Keep Healthy, Stay Safe' Group. As health and safety was an important part of the governance framework, the Council's Environmental Safety Officer had been seconded to the Internal Audit team to undertake health and safety audits which would be reported to the Committee. The first of those audits had been completed in the reporting period and the opinion could be found at Appendix 1 to the report. The Corporate Services Group Manager was pleased to advise that no incidents of fraud, corruption, theft or whistleblowing had been reported during the

period. As previously reported to the Audit Committee, the Internal Audit team had been commissioned by Tewkesbury Town Council to undertake its internal audit. An interim audit report had previously been issued and the formal year end audit was due to be taken to the Town Council meeting the following week.

- 11.3 With regard to the audits which had been completed during the period, Members were advised that a good level of control had been identified within payroll in terms of the accuracy of information and salary adjustment notifications and there was a good reconciliation process and verification of employees. It had been concluded that the Council had satisfactory risk management arrangements on the basis that there was an approved Risk Management Strategy in place, which was due for renewal during 2015/16; the Corporate Risk Register was presented to the Audit Committee; and risk management was a standard item on the monthly Corporate Leadership Team Agenda and formed part of the Corporate Governance Group Agenda which had Lead Member representation. It was recognised that further training would be needed following the review of the Risk Management Strategy. Members were informed that an audit of the Council's Personal and Professional Development (PPD) employee appraisal scheme had been undertaken. Following the first year of implementation of the PPD procedure in early 2014, there was satisfactory assurance that the procedure had been rolled out across the organisation with the exception of the Grounds Maintenance team which had now migrated to Ubico. The PPD forms had been completed well, however, 50% of staff tested had not received training which was something that the Human Resources team was working on for the next round. With regard to the delivery of the training requested via PPDs, it was found that it had been provided. One of the main outcomes of the process was the identification of corporate training. It was a significant task to embed a new appraisal scheme within the organisation and it was considered that it would be further enhanced during the forthcoming year. A Member queried whether there was a timeframe for PPD training and the Corporate Services Group Manager undertook to seek a response from the Human Resources team and report back following the meeting. Another Member noted that the Grounds Maintenance team had not received PPDs and, whilst he understood that they had transferred to Ubico, he questioned whether contractors were audited by the Council. Assurance was provided that a number of days had been set aside in the 2015/16 Audit Plan to look at the Ubico contract and, in addition, the Overview and Scrutiny Committee had requested that an interim report be provided on Ubico at the six month stage.
- 11.4 Members were informed that an unsatisfactory opinion had been issued in regard to the ICT – Asset Inventory audit as the asset register was not currently fit for purpose. There were no documented procedures to manage the process from when an item of computer equipment was purchased through to when it was disposed of. There was a question over the separation of duties within the team; items which had been transferred to different members of staff were often deemed to be 'lost' as they had not been recorded correctly over time; and there were no regular checks of hardware. The Corporate Services Group Manager indicated that he was responsible for IT as part of his new role and he had started a process between Audit and IT in order to put a procedure in place. A Member felt that this was very worrying and she requested that a progress report be provided. The Corporate Services Group Manager confirmed that a formal report would be brought to the September meeting of the Audit Committee.
- 11.5 It was noted that a limited opinion had been issued in respect of the Health and Safety – Risk Assessments audit. Each service was required to undertake a risk assessment to identify key hazards, however, a number of services had only been prompted to complete a risk assessment by the undertaking of the audit review, rather than it being completed as part of normal business. A number of areas had been identified as requiring particular attention including Grounds Maintenance, where risk assessments had not been reviewed since 2011; Economic and

Community Development, where there were risk gaps in relation to some activities which involved remote locations and lone working; and Asset Management, where there were gaps in the identification of key hazards, in particular asbestos and legionella. The Environmental Safety Officer explained that the Risk Assessment Policy had been reviewed at the time of the audit, having last been reviewed in 2012. Risk assessments were not being seen as corporate business and training would be provided in September in order to address that issue. It was planned to prompt each service to review their risk assessment every six months.

- 11.6 In terms of the main areas of concern, the Environmental Safety Officer explained that Grounds Maintenance had transferred to Ubico in April and the Council was working in partnership with them to ensure that the risk assessments were completed. There had been a lot of progress in respect of Economic and Community Development since the time of the audit and she was pleased to report that all issues had now been addressed and the risk assessments were up to date. In terms of Asset Management, an asbestos management plan had now been put in place. There were 26 properties owned by Tewkesbury Borough Council, 10 of which had been found to contain asbestos, although all were relatively low risk. Arrangements were now in place to inspect the properties and training would be provided for staff carrying out the inspections. A Member indicated that she had always understood that asbestos must always be dealt with by a specialist company and the Environmental Safety Officer explained that asbestos surveys had already been undertaken and the risks and controls required had been identified. Whilst asbestos removal had to be carried out by qualified individuals, the Council's inspectors would be identifying and monitoring asbestos for which full training would be provided. A Member raised concern that the Grounds Maintenance risk assessments had not been reviewed since 2011 and he sought assurance that a regime would be put in place for them to be regularly updated. The Environmental and Housing Services Group Manager explained that part of the specification for the Ubico contract was the monitoring of health and safety which would be carried out by the Joint Waste Team, with any issues picked up during their regular meetings. She advised that the risk assessments were considered by the 'Keep Safe, Stay Healthy' Group so Officers would be able to ensure that they were completed as required. A Member queried who would be accountable if there was an accident and the Environmental and Housing Services Group Manager confirmed that Ubico was ultimately responsible for any accidents which had to be immediately reported to the Council. The Member sought clarification as to when the Risk Assessment Policy would next be reviewed and the Environmental and Housing Services Group Manager confirmed that she had carried out a review at the time of the audit, earlier in 2015. The Member went on to question whether there was any Member involvement and was assured that there was ongoing policy review by the 'Keep Safe, Stay Healthy' Group which included Councillor Mrs E J MacTiernan as Lead Member for Organisational Development, which covered health and safety. A Member noted that the 'Keep Safe, Stay Healthy' Group reviewed the risk assessments every three months and he questioned whether that should be more frequent. The Environmental and Housing Services Group Manager advised that there was not enough information to share on a monthly basis so she would not recommend more regular review. The Environmental Safety Officer went on to explain that the legionella plan had been designed by the Property team and the work would be completed by the end of July; a water company was employed to monitor legionella within the Council-owned premises and there were no major concerns. In terms of electrical and fire hazards, electrical installation certificates were available for the majority of Council-owned properties and portable appliance testing was also carried out. This would be properly documented in a plan by the end of July. The audit had identified a requirement for further training of Group Managers, and staff for them to delegate to, and that had been arranged for 16 September 2015. When updating assessments, version control needed to be improved so that the previous

assessment was not overwritten in order for changes to be identified and consideration was being given to keeping all documents on the public drive. The Corporate Services Group Manager confirmed that, given the limited audit opinion, a full report would be brought to the next meeting of the Audit Committee.

- 11.7 In terms of the homelessness audit, a satisfactory level of assurance had been identified. Applications were determined in the correct manner and rental charges paid by the Council were accurate, however, a recommendation had been made that call-off contracts should be entered into with each bed and breakfast establishment and assurance sought on a regular basis as to the continuous suitability of the accommodation for the homeless applicant. When items were being stored, the cost was only being paid whilst the homeless application was being assessed and where an unintentional homeless determination had been accepted. The procurement of storage did need to be reviewed in order to demonstrate best value with consideration to be given to obtaining assurance that items being stored were for personal property only and ensuring that the formula for calculating storage charges was stated.
- 11.8 There was a satisfactory level of assurance in the housing benefits audit with information being accurately entered into the Northgate system. A checking regime had been implemented and any new claims entered were checked by a Team Leader. The previous checking regime for April-October 2014 was not currently complete as two new claims and three changes of circumstances had not been checked for each day of processing. This was acknowledged as an issue by the Operational Manger and it was intended to have the appropriate number of claims checked by the end of June 2015. Grant Thornton had reported on the housing benefit claim at the last meeting of the Committee and had been positive in the accuracy of the claim and there was regular conciliation between benefits and Council Tax. The audit opinion for the recycling audit was also satisfactory and Members were advised that a contract for the disposal of kerbside recycling waste had been established. Key performance data was provided to the Council in accordance with the terms of the contract and there was reasonable assurance that the waste claimed for recycling was from domestic households and credit tonnages claimed had been fairly stated. Invoices for tonnages were raised correctly and at the appropriate charge rate. At the time of the audit there was no evidence to demonstrate that waste at its end destination point was being recycled, however, verbal assurance had been provided that such evidence was to be collected through the Joint Waste Team contract monitoring process. A Member indicated that she had been made aware that some recyclate was shipped abroad but there were no details about what happened to it beyond that point and no way of knowing if it was actually being recycled. The Corporate Services Group Manager confirmed that the audit had identified that some recyclate was shipped abroad and the risk was that, without an audit trail to show what had happened once the material had been collected, Gloucestershire County Council could withhold credits. A Member sought clarification as to what would be accepted by the County Council as evidence and was advised that discussions would need to take place with the Environmental and Housing Services Group Manager and the Joint Waste Committee to establish what could be put in place. The Performance and Audit Officer explained that part of the problem was what was on the environmental permit issued by Defra. The issue about where the recyclate went after it had been collected had been acknowledged by the Government and it was something which needed to be identified and included in the permit scheme which was not likely to be a quick fix. Members would be provided with further information on the way forward as and when it was available.

11.9 Appendix 3 to the report contained a summary of all audit recommendations and their status. Members were informed that all of the recommendations around licensing and changing of information had been implemented. The recommendations in respect of the arrangements for the storage of personal belongings for individuals identified as homeless had not yet been implemented. Work had been carried out in relation to the recommendations around tree inspections and the audit opinion would be brought to the Committee in September. In terms of the limited opinion in respect of safeguarding children, a formal report would be brought to a future meeting of the Committee. He explained that this had stemmed from the appointment of the Housing Services Manager, whose role included acting as Deputy Safeguarding Officer, and there was quite a lot of ongoing work in respect of those actions. With regard to the recommendations around Repair and Renew grants, £400,000 of grant payments required formal audit sign-off and would be brought to the September meeting of the Committee. Members were informed that the Council's Financial Procedure Rules had been updated, however, approval of the changes could not take place until the review of the Constitution had been completed in March 2016, as identified in the Annual Governance Statement.

11.10 Having considered the information provided, it was

RESOLVED That the Internal Audit Plan Monitoring Report be **NOTED**.

AUD.12 INTERNAL AUDIT ANNUAL REPORT 2014/15

12.1 Attention was drawn to the report of the Corporate Services Group Manager, circulated at Pages No. 89-94, which provided Members with a summary of the internal audit work undertaken for the financial year 1 April 2014 to 31 March 2015, together with an opinion on the overall adequacy and effectiveness of the organisation's control environment. Members were asked to consider the report and the assurance that, overall, there was a satisfactory level of assurance in relation to the effectiveness of the Council's framework of governance, risk management and control.

12.2 Members were advised that the annual audit plan was compiled using a risk-based approach and was informed by governance issues and work relevant to the production of the Annual Governance Statement; work on fundamental financial systems; work of a service-based nature; corporate improvement work; follow-up work; and consultancy and advice. This approach resulted in a comprehensive range of audits that were undertaken over the course of the year to support the overall opinion on the control environment. In compliance with the Public Sector Internal Audit Standards (PSIAS), regular monitoring reports of internal audit activity were presented to the Audit Committee on a quarterly basis. A list of the audit work undertaken in the year was set out at Page No. 91, Paragraph 2.2 of the report. There was one audit outstanding from the 2014/15 Plan in relation to electoral registration, as had been reported earlier in the meeting, and this work would be accommodated within the 2015/16 Plan. As well as internal work, the team also provided an internal audit to Tewkesbury Town Council. This arrangement had commenced part way through 2014/15 and days had been formally allocated within the 2015/16 Plan to carry out that work on an ongoing basis. In addition, the Internal Audit team also undertook a variety of corporate improvement work initiatives. The Audit Plan contained an allocation of days for that type of work and the Corporate Management Team could request that the Internal Audit team assist with areas of work which needed to be moved forward, for example, the Revenues and Benefits improvement programme; work around the Local Government Transparency Code; setting up the Repair and Renew grants; the 'Selling to the Council' guide; and setting up the methodology for the health and safety audit. The

team was also represented on key corporate groups such as the Corporate Governance Group and the 'Keep Safe, Stay Healthy' Group.

- 12.3 Members were advised that 49 audit opinions had been given during the year, as set out at Page No. 92, Paragraph 3.2. There were two limited opinions and one unsatisfactory opinion issued throughout the year relating to safeguarding, risk assessments and ICT asset inventory respectively. The Corporate Services Group Manager explained that Officers worked in a complex environment with a number of schemes, policies and procedures which meant that there would always be areas where assurance was limited or unsatisfactory; the important part was recognising those areas and taking action to make improvements. Management of internal audit was overseen by the Corporate Services Group Manager and delivery of the Audit Plan was carried out by two full-time employees. One employee was currently on maternity leave and the position had been covered during the year through a combination of an Internal Audit contractor and a secondment from another service area. During 2015/16, consideration would be given to the independence of managing the Internal Audit team given the Group Manager's wider remit of Corporate Services.
- 12.4 The performance monitoring information for achievement against the Audit Plan was based on the number of completed audits vs. the number of planned audits and Members were advised that the outturn for the 12 month period was 92.31%. A client survey was issued at the end of each audit which had confirmed that there was a 'good' level of client satisfaction. The team had not started work on the 2015/16 Audit Plan which had been agreed at the March Committee meeting and included the complaints framework; tree inspections; key finance systems; economic development; leisure centre; Cascades; Disabled Facilities Grants; and Ubico. In terms of corporate improvement work, potential activities identified included: review of the Council's fraud arrangements; ICT asset register; Revenues and Benefits policies; and the Customer Services improvement programme. Based upon the work undertaken during the year, Internal Audit could provide reasonable assurance that, overall, there was generally a satisfactory level of control in relation to the effectiveness of the Council's governance, risk management and control environment.
- 12.5 It was
RESOLVED That the internal audit annual report be **NOTED**.

AUD.13 CORPORATE RISK REGISTER

- 13.1 The report of the Corporate Services Group Manager, circulated at Pages No. 95-103, attached the corporate risk register which had been reintroduced in 2014. Members were asked to consider the corporate risk register and the risks contained within it.
- 13.2 Members were advised that the corporate risk register was reported through the performance management framework which was reviewed by the Overview and Scrutiny Committee. The reporting of the register had been discussed by the Corporate Governance Group where it was agreed that the Audit Committee was the most appropriate Committee to review the register given that its Terms of Reference included the responsibility to monitor the effective development and operation of risk management.
- 13.3 The register had first been reported to the Audit Committee at its meeting on 9 September 2015 and, therefore, this was the third update. The Council's overall risk management arrangements were overseen by the Corporate Governance Group and the register, attached at Appendix 1, was a corporate document which had been endorsed by the Corporate Leadership Team. Members were informed that a number of risks were unchanged from those reported at the March

Committee. With regard to the risk around economic development, the Corporate Services Group Manager advised that an Overview and Scrutiny Committee Working Group had been established to develop a new Economic Development and Tourism Strategy. In terms of the delivery of operational services, the original risk had related to the transfer of services to Ubico which had now taken place; as such, it would now be necessary to monitor the governance arrangements. With regard to Individual Electoral Registration (IER), the risk was to be removed from the register as a result of the recent elections being successfully managed. Although there had been issues during the process, they had been mitigated and the register was accurate.

13.4 It was

RESOLVED That the information within the Corporate Risk Register be **NOTED**.

AUD.14 ANNUAL GOVERNANCE STATEMENT 2014/15

14.1 The report of the Corporate Governance Group, circulated at Pages No. 104-124, set out the Council's Annual Governance Statement 2014/15, which Members were asked to approve.

14.2 In introducing the report, the Borough Solicitor explained that the Annual Governance Statement was included alongside the Council's Statement of Accounts which was due to be approved by the Audit Committee in September 2015. It provided assurance that the Council was following the code of corporate governance that it had approved and adopted, which was consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. The Annual Governance Statement for 2014/15 was attached at Appendix 1 to the report and included four significant governance issues which would address the need for improvements that had been identified. These significant governance issues would be monitored throughout the year and the progress would be reported to the Audit Committee. The significant governance issues identified were: embedding of budget understanding/development ownership with a focus on training; business continuity, which had been carried forward from the previous year and would test the arrangements in place; Constitution update, which would involve a full review, including the Scheme of Delegation; and the development and implementation of a corporate Workforce Development Strategy.

14.3 It was

RESOLVED That the Annual Governance Statement 2014/15 be **APPROVED**.

The meeting closed at 3:30 pm

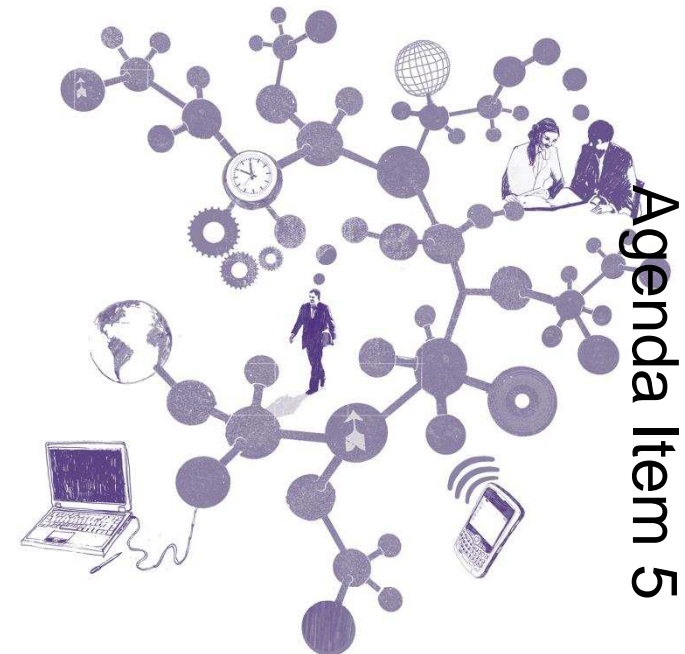
The Audit Findings for Tewkesbury Borough Council

Year ended 31 March 2015

22 September 2015

Alex Walling
Engagement lead
T +44 (0)117 305 7804
E alex.j.walling@uk.gt.com

David Johnson
Audit Manager
T +44 (0)117 305 7727
E david.a.johnson@uk.gt.com



Tewkesbury Borough Council
Council Offices
Gloucester Road
Tewkesbury
Gloucestershire
GL20 5TT

Grant Thornton UK LLP
Hartwell House
55-61 Victoria Road
Bristol
BS1 6FT

T +44(0)117 305 7600
www.grant-thornton.co.uk

21 September 2015

Dear Members

Audit Findings for Tewkesbury Borough Council for the year ending 31 March 2015



This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance (in the case of Tewkesbury Borough Council, the Audit Committee), as required by International Standard on Auditing (UK & Ireland) 260. Its contents have been discussed with management.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours sincerely

Alex Walling

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.

A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see grant-thornton.co.uk for further details.

Contents

Section	Page
1. Executive summary	4
2. Audit findings	7
3. Value for Money	19
4. Fees, non-audit services and independence	26
5. Communication of audit matters	28

Section 1: Executive summary

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non-audit services and independence

05. Communication of audit matters

15

Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of Tewkesbury Borough Council's (the Council) financial statements for the year ended 31 March 2015. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA UK&I).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Council's financial statements present a true and fair view of the financial position and expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. We are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan dated 24 June 2015.

Our audit is substantially complete although we are finalising our work in the following areas:

- review of the final version of the financial statements

- obtaining and reviewing the final management letter of representation
- review of final version of the Annual Governance Statement
- updating our post balance sheet events review to the date of signing the opinion and
- Whole of Government Accounts.

We received draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable.

Key issues arising from our audit

Financial statements opinion

We anticipate providing an unqualified opinion in respect of the financial statements.

The key messages arising from our audit of the Council's financial statements are:

- the accounts contained only a small number of errors; the majority of which have been adjusted by management
- bad debt provision for housing benefit requires further consideration in light of proposed changes to benefit regulations
- the working papers continue to be of a high quality
- finance staff responded promptly to all audit queries

We have identified no adjustments affecting the Council's reported financial position (details are recorded in section 2 of this report). The draft financial statements for the year ended 31 March 2015 recorded net expenditure of £9,432k; the audited financial statements required no adjustment.

Further details are set out in section two of this report.

Value for Money conclusion

We are pleased to report that, based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VfM conclusion.

Further detail of our work on Value for Money is set out in section three of this report.

Whole of Government Accounts (WGA)

We ~~will~~[→] complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

Controls

Roles and responsibilities

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council.

Findings

Our work has not identified any control weaknesses which we wish to highlight for your attention.

Further details are provided within section two of this report.

The way forward

Matters arising from the financial statements audit and review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Finance and Asset Management Group Manager.

We have made recommendations, which are set out in the action plan in Appendix A. Recommendations have been discussed and agreed with the Finance and Asset Management Group Manager and the finance team.

Acknowledgment

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
September 2015

Section 2: Audit findings

01. Executive summary

02. **Audit findings**

03. Value for Money

04. Fees, non-audit services and independence

05. Communication of audit matters

Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and the findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit Committee on 24 June 2015. We also set out the adjustments to the financial statements arising from our audit work and our findings in respect of internal controls.

Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to you on 24 June 2015.

Audit opinion

Our proposed audit opinion is set out in Appendix B.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA (UK&I) 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
20	<p>1. Improper revenue recognition</p> <p>Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<ul style="list-style-type: none"> • review and testing of revenue recognition policies • testing of material revenue streams • review of unusual significant transactions 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
	<p>2. Management override of controls</p> <p>Under ISA (UK&I) 240 there is a presumed risk of management over-ride of controls</p>	<ul style="list-style-type: none"> • review of accounting estimates, judgements and decisions made by management • testing of journal entries • review of unusual significant transactions 	<p>Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgments.</p>


Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p>Operating expenses</p> <p style="text-align: center; font-size: 2em;">21</p>	<p>Creditors understated or not recorded in the correct period</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding • tested key controls • tested operating expenses including unrecorded liabilities and manual accruals 	<p>Our audit work has not identified any significant issues in relation to the risk identified</p>
<p>Employee remuneration</p>	<p>Employee remuneration accrual understated</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • Documented our understanding of the controls operating in the operating expenses system • Undertaken a walkthrough of controls to confirm that controls are operating as described • Substantive testing of employee remuneration 	<p>Our work identified that the remuneration for one officer had not been disclosed within senior employee remuneration.</p> <p>No other issues have been identified as part of our work in relation to the risk identified.</p>

Accounting policies, estimates & judgements




In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<p style="text-align: center; font-size: 2em;">22</p> <p>Revenue recognition</p>	<ul style="list-style-type: none"> 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. The council tax and business rates income recognised in the Comprehensive Income and Expenditure Statement is the Council's share of accrued Council tax and business rates recognised in the Collection Fund. The transactions included within the Collection Fund are limited to cashflows (as statute dictates) whereas the income is recognised on a full accruals basis in the Comprehensive income and Expenditure statement. 	<ul style="list-style-type: none"> The accounting policy is appropriate and complies with Code of Practice on Local Authority Accounting (the Code). Income is not an area that requires significant judgement or estimation. The disclosure of the accounting policy is adequate. 	

Assessment


- Marginal accounting policy which could potentially attract attention from regulators
- Accounting policy appropriate and disclosures sufficient
- Accounting policy appropriate but scope for improved disclosure

Accounting policies, estimates & judgements continued

Accounting area	Summary of policy	Comments	Assessment
Estimates and judgements	<p>Key estimates and judgements include:</p> <ul style="list-style-type: none"> - useful life of capital equipment - pension fund valuations and settlements - PPE valuations - impairments - Provisions 	<p>Review of bad debt provision considered that the Council had under provided against the outstanding housing benefit debt. This leaves the Council at risk of not having enough resources to meet ongoing obligations should there be a change in the liability. The proposed change to universal credits has not yet identified who will be responsible for outstanding debt and it maybe that the Council will no longer be able to reclaim overpayments against ongoing benefit entitlement. The Council should continue to monitor the bad debt provision to ensure it is adequate to meet future needs.</p> <p>No other issues have been identified from review and testing of estimates and judgements</p>	
Going concern	<p>The Directors have a reasonable expectation that the services provided by the Council will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.</p>	<p>We have reviewed the Directors' assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2014/15 financial statements.</p>	
Other accounting policies	<p>We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards.</p>	<p>Our review of accounting policies has not highlighted any issues which we wish to bring to your attention.</p>	

Assessment

 Marginal accounting policy which could potentially attract attention from regulators

 Accounting policy appropriate but scope for improved disclosure

 Accounting policy appropriate and disclosures sufficient

Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any incidents in the period and no issues have been identified during the course of our audit
2.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Council.
4.	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements
5. 25	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related party transactions which have not been disclosed
6.	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to third parties for bank and investment balances. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for Employee Remuneration and Operating Expenses as set out on page 10 above.

The controls were found to be operating effectively and we have no matters to report to the Audit Committee.

Internal controls – review of issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1.	✓	<ul style="list-style-type: none"> We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and identified the following weakness. The Chief Financial Officer (Group Manager – Finance and Asset Management) has the ability to post journals. This is not good practice. We note though that, as a mitigating control, all journal entries over £10,000 posted by Chief Financial Officer (CFO) are reviewed by the Financial Controller. 	<ul style="list-style-type: none"> The Council has revised its policies and the Chief Financial Officer (Group Manager – Finance and Asset Management) no longer has access to posting journals. This is considered appropriate.
2. 27	✓	<ul style="list-style-type: none"> Timesheets are not routinely signed as authorised by the departmental manager. Rather timesheets are emailed by employee to the departmental manager and forwarded to Payroll. The forwarding of the email currently acts as confirmation of authorisation. 	<ul style="list-style-type: none"> Employee remuneration is an area that is considered at risk of material misstatement and as such is subject to substantive testing. Testing of timesheets found no issues in 2014/15 and the process is considered robust.

Assessment

- ✓ Action completed
- X Not yet addressed

Adjusted misstatements

A number of adjustments to the draft financial statements have been identified during the audit process. We are required to report all non-trivial misstatements to those charged with governance, whether or not the financial statements have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

No such adjustments have been required in 2014/15.

Unadjusted misstatements

Unadjusted misstatements are adjustments identified which we request to be processed but which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items identified.

28
No such adjustments have been identified in 2014/15

Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Disclosure		Senior Officer Remuneration	Review of Senior Officer Remuneration identified that one member of senior management had been omitted. There is no impact on the primary statements within the accounts. The disclosure is within note 26 to the accounts and is information for the reader of the accounts.
2 Disclosure	--	Some minor changes were made to the financial statements to improve presentation such as ensuring cross references to other notes within the accounts were correct.	No effect on the overall financial position

29

Section 3: Value for Money

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non-audit services and independence

05. Communication of audit matters

Value for Money

Value for money conclusion

The Code of Audit Practice 2010 (the Code) describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources;
- ensure proper stewardship and governance; and
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VfM conclusion based on two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

These criteria are:

The Council has proper arrangements in place for securing financial resilience - the Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness - the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience

We have undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- Financial governance;
- Financial planning; and
- Financial control.

Overall our work highlighted that the Council has managed its finances effectively. It has relatively high levels of reserves (as a percentage of gross expenditure) and it has managed its expenditure to achieve an underspend against its original budget, while delivering its savings targets.

There has been an improvement in Council Tax collection rates and the Council should ensure that this trend is maintained. Further the Council's Medium Term Financial Plan has gaps in future years for identified savings and there is a potential over reliance on a single source of income with the New Homes Bonus. The Council has plans in place to address the identified gaps and should ensure they continue to monitor this within the MTFP process.

Challenging economy, efficiency and effectiveness

We have considered the Council's arrangements to challenge economy, efficiency and effectiveness against the following themes:

- Prioritising resources
- Improving efficiency & productivity

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints within which it is required to operate. The Council monitors performance especially where there has been service redesign to ensure that the Council is still achieving its targets.

Overall VfM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

We set out below our detailed findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
Key indicators of performance	<p>The Council's working capital ratio (current assets divided by current liabilities) has reduced to 3.9 in 2014/15 compared to 8.7 in 2013/14. This is because the Council has increased provisions in order to mitigate risks arising from potential repayment of business rate appeals.</p> <p>The Council has achieved underspends against its original and revised budgets over the past couple of years. The original estimate in a number of years have been a more accurate predictor that the revised estimate of the final outturn.</p> <p>The Council has relatively high levels of usable reserves (65% of gross revenue expenditure). However, most of this balance £22.4m relates to capital receipts and Earmarked reserves which cannot be used to support day to day revenue expenditure.</p> <p>Days lost due to sickness at Tewkesbury had been consistently lower than the local government average over the period but there was a significant increase in 2014/15, due to increased number of days lost to long term sickness. This rate has increased from 5.77 in 2013/14 to 8.67 in 2014/15 which is above the Council's target of 7 days.</p> <p>Tewkesbury's collection rate for Council Tax in 2013/14 at 97.9% placed the Council just below the average performance for comparable authorities. In 2014/15, Tewkesbury's collection rate increased by 0.13% to 98.03%. The Council's target collection rate is 98% which is in line with the performance that most other Borough councils are already achieving. It is noted that Council Tax levels are amongst the lowest in the country and there remains a determination by members to continue this trend.</p> <p>NNDR collection rates for 2014/15 are 98.7% against a target of 98%. This is roughly in line with the 2013/14 collection rate of 98.96% and is better than the average collection rate for comparable authorities</p>	Green

Theme	Summary findings	RAG rating
<p data-bbox="93 686 128 736">33</p> <p data-bbox="64 291 379 315">Strategic financial planning</p>	<p data-bbox="486 291 1757 372">The Council annually produces a five-year Medium Term Financial Plan (MTFP). The MTFP covers financial issues that the Council will face during the five year period. The Council has developed a strategy for dealing with the financial difficulties it is facing which include:</p> <ul data-bbox="486 389 866 568" style="list-style-type: none"> • Making annual savings • Managed use of balances • Partial use of new homes bonus • Council tax increase • Growth in business rates <p data-bbox="486 622 1748 704">The current MTFP to Council in February 2015 shows a budget gap of almost £1.6m in 2016/17. At the same time last year (September 2014) the budget gap for 2015/16 had been £800k. The Council was able to close that budget gap for 2015/16, and it is anticipated that the current gap for 2016/17 will also be addressed.</p> <p data-bbox="486 721 1742 802">The Council continues to work to identify future savings and income generation opportunities and as such these should address the funding gap. The funding gaps are also noted for future years and it is considered that there is a potential over reliance on one source of funding through the New Homes Bonus.</p>	<p data-bbox="1835 291 1914 315">Amber</p>
<p data-bbox="64 822 312 846">Financial governance</p>	<p data-bbox="486 822 1721 903">The Council and Executive clearly understand the financial environment in which they operate and there is regular communication with members regarding key changes to the financial environment such as localisation of Council tax benefits and the pooling of business rates.</p> <p data-bbox="486 921 1674 945">The Medium Term Financial Plan and financial updates clearly set out the financial pressures facing the Council.</p> <p data-bbox="486 962 1715 1015">There is strong officer and member involvement in the budget setting process. Budget workshops are held as part of the process and include officers, members and external stakeholders.</p> <p data-bbox="486 1032 1715 1139">There is regular budget reporting to the Executive (quarterly). Reports show the original budget, revised budget and year end forecast for each service with an explanation of any variance. There are regular updates on budget virements and progress on major savings (with a report at the end of the year detailing the savings that have been achieved).</p>	<p data-bbox="1835 822 1914 846">Green</p>

Theme	Summary findings	RAG rating
<p>Financial control</p> <p>34</p>	<ul style="list-style-type: none"> In June 2015 the Council reported that savings of £601k were made against £325k planned savings and that it had underspent on its original budget by £96k and its revised budget by £207k. The Council reports on the delivery of its savings plans so that they can be monitored in addition to the overall budgetary position. Internal Audit has completed its work programme and concluded that it could "...provide reasonable assurance that overall there is generally a satisfactory level of control in relation to the effectiveness of the Council's governance, risk management and control environment. This internal audit opinion is one of the sources of assurance that is used to support the Council's Annual Governance Statement' The outturn position for 2014/15 shows that assets are steady, short term investments have decreased and short term creditors have increased. This demonstrates that the Council has not required the sale of assets to meet shortfalls and although the increase in creditor levels is not ideal it is something that the Council can address in order to rectify. The reduction in short term investments is as a result of the Virgin Media repayment which is seen as a one off significant event and unlikely to be repeated in future years. Further based on review of documents to monitor savings there has been no requirement for planning as a result of not delivering savings and therefore putting the delivery of statutory services at risk. 	<p>Green</p>
<p>Prioritising resources</p>	<p>The Council has challenged delivery methods and considered alternative options, working with local authorities and other organisations for alternative ways of delivering services such as community and leisure trusts, and joint provision of services across local authorities.</p> <p>It has identified economic development as a key priority and invested in officer support to enable the Council to increase its impact in this area.</p> <p>The Management Board has carried reviews across all directorates to identify potential savings and where income can be increased, such as One Legal and the potential renting out of surplus office space. Further income has been generated from the agreement of the management contract for running the leisure services once the leisure centre has been completed.</p> <p>The Council has also identified the New Homes Bonus income as a source of funding and has been prudent in its use of this income. The amount used to fund the revenue budget has been capped at 65% of the revenue budget per year which provides a safety net over the next two years and a reduced requirement in the third year should this be removed. The excess is used to fund projects and schemes that would otherwise have been difficult to fund. Whilst the NHB scheme continues this is not an issues although the Council needs to consider other sources of funding should Central Government policy change</p>	<p>Green</p>

Theme	Summary findings	RAG rating
<p>Improving efficiency & productivity</p>	<p>The Council has adequate arrangements to monitor the implementation of spending reductions through regular budget monitoring and actions. There is evidence of how the Council monitors performance of services to ensure that reductions in spending don't adversely impact on Council priorities</p> <p>There are examples of joint working with other local authorities on Legal and Waste services - delivering savings and service resilience.</p> <p>One of the most significant partnerships for Tewkesbury is with Ubico for the provision of waste services. This has provided an example of how joint working and innovative ways of working with partners will reduce costs or improve services than had the Council worked alone. The Council continues to monitor this partnership and are looking to identify further options that will result in greater savings in conjunction with their partners.</p> <p>The Council monitors key indicators of performance and benchmarks against prior year performance and targets for the financial year.</p>	<p>Green</p>

To support our VfM conclusion against the specified criteria we performed a risk assessment against VfM risk indicators specified by the Audit Commission, and additional indicators identified by ourselves. Following completion of our work we noted the following residual risks to our VfM conclusion:

Residual risk identified	Summary findings	RAG rating
<p>Strategic Financial Planning – focus of the MTFP</p> <p>36</p>	<p>Review of MTFP showed that a 3-5 year plan has been considered and has been based on reasonable assumptions. There are a number of gaps in future years which have yet to be addressed and no concrete plans have been made to identify how the shortfall will be addressed. Income recognition is monitored to identify future revenue streams to address some of the gap and a review of services continues to be undertaken alongside a transformation programme that has been agreed and will be implemented following member agreement. It is envisaged that savings identified from this process will also cover some of the shortfall. Management have taken steps to address the gaps and the ongoing process will be monitored to ensure that a balanced budget is achieved.</p> <p>There is a reliance on the new homes bonus (NHB) which is capped within the revenue budget at 65% per year. This provides a safety net for future years providing the scheme continues as is. There is no indication that there will be a change in central government policy although this remains a risk. It is envisaged that a portion of the 'excess' NHB will be used to fund projects and services that would otherwise have been difficult to fund.</p>	<p>Amber</p>

Section 4: Fees, non-audit services and independence

- 01. Executive summary
- 02. Audit findings
- 03. Value for Money
- 04. Fees, non-audit services and independence**
- 05. Communication of audit matters

Fees, non-audit services and independence

We confirm below our final fees charged for the audit and confirm **there were no fees for the provision of non audit services.**

Fees

	Per Audit plan £	Actual fees £
Council audit	59,895	59,895
Grant certification on behalf of Audit Commission	12,700	*12,700
Total audit fees	72,595	72,595

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

38

*Work is ongoing. Final fee to be confirmed in Annual Grant report

Section 5: Communication of audit matters

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non-audit services and independence

05. Communication of audit matters

Communication of audit matters to those charged with governance

International Standard on Auditing ISA (UK&) 260, as well as other (UK&I) ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice (the Code) issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

Appendices

41

Appendix B: Audit opinion

We anticipate we will provide the Council with an unmodified/modified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEWKESBURY BOROUGH COUNCIL

We have audited the financial statements of Tewkesbury Borough Council for the year ended 31 March 2015 under the Audit Commission Act 1998. 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 2014/15.

This report is made solely to the members of Tewkesbury Borough Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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 Group Manager – Finance and Asset Management and auditor

As explained more fully in the Statement of the Group Manager – Finance and Asset Management's Responsibilities, the Group Manager – 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 2014/15, 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 also 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 Group Manager – 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 explanatory foreword 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 2015 and of its expenditure and income for the year then ended; and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared 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 reflect compliance with '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 8 of the Audit Commission Act 1998; or we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects

Conclusion on the Authority’s arrangements for securing economy, efficiency and effectiveness in the use of 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 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:
 securing financial resilience; and
 challenging how it secures economy, efficiency and effectiveness

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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 had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, *Tewkesbury Borough Council* put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate

We certify that we have completed the audit of the financial statements of Tewkesbury Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Alex Walling

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

Hartwell House
 55-61 Victoria Street
 Bristol
 BS1 6FT

30 September 2015



© 2015 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk

Agenda Item 6

Deputy Chief Executive's Unit

Rachel North
Deputy Chief Executive



Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol BS1 6FT

Our Contact: Simon Dix
Telephone: 01684 272005
Our Ref: SD/Audit 15
Email: simon.dix@teWKesbury.gov.uk

30 September 2015

Dear Sirs

Tewkesbury Borough Council

Financial Statements for the year ended 31 March 2015

This representation letter is provided in connection with the audit of the financial statements of Tewkesbury Borough Council for the year ended 31 March 2015 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i We have fulfilled our responsibilities for the preparation of 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 2014/15 ("the Code"); which give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial



statements. There are no other material judgements that need to be disclosed.

- vii Except as disclosed in the financial statements:
 - a there are no unrecorded liabilities, actual or contingent
 - b none of the assets of the Council has been assigned, pledged or mortgaged
 - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- ix Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- x All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- xi Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- xii We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements are free of material misstatements, including omissions.
- xiii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xv We have provided you with:
 - a access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b additional information that you have requested from us for the purpose of your audit; and
 - c unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- xvi We have communicated to you all deficiencies in internal control of which management is aware.
- xvii All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Council involving:
 - a management;



- b employees who have significant roles in internal control; or
- c others where the fraud could have a material effect on the financial statements.

- xx We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.
- xxi We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii We have disclosed to you the identity of all the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiii We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiv We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Approval

The approval of this letter of representation was minuted by the Audit Committee at its meeting on 30th September 2015.

Signed on behalf of the Board

Simon Dix

Group Manager – Finance & Asset Management

30th September 2015



TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	30 September 2015
Subject:	Statement of Accounts 2014/15
Report of:	Simon Dix, Finance and Asset Management Group Manager
Corporate Lead:	Rachel North, Deputy Chief Executive
Lead Member:	Councillor D J Waters
Number of Appendices:	1

<p>Executive Summary:</p> <p>The Statement of Accounts 2014/15 shows the financial position of the Council as at 31 March 2015 as well as the performance during the year. It is a statutory requirement to publish the accounts, with the audit certificate and opinion, no later than 30 September 2015.</p> <p>This year saw working balances remain at £450,000 and a net worth decrease of £4.241m to £1.869m.</p>
<p>Recommendation:</p> <p>To APPROVE the Statement of Accounts 2014/15.</p>
<p>Reasons for Recommendation:</p> <p>It is a statutory duty for the Council to adopt the Statement of Accounts.</p>

<p>Resource Implications:</p> <p>Revenue and Capital balances as detailed within the report.</p>
<p>Legal Implications:</p> <p>The process and schedule for approval of the Statement of Accounts are regulated by the “Accounts and Audit (England) Regulations 2011 SI 2011 No 817”.</p>
<p>Risk Management Implications:</p> <p>None</p>
<p>Performance Management Follow-up:</p> <p>None</p>
<p>Environmental Implications:</p> <p>None.</p>

1.0 INTRODUCTION/BACKGROUND

- 1.1 The attached Statement of Accounts is a statutory document produced to demonstrate the Council's financial position at the end of the financial year i.e. 31 March. As per the revised accounts and Audit (England) Regulations 2011 guidelines approval of the accounts is now made by the Section 151 Officer by 30 June. The accounts are then audited and amended, if necessary, before the Section 151 Officer signs the accounts again. These accounts are then approved by the Audit Committee and are signed off by the Chairman by the 30 September.
- 1.2 The accounts must be prepared in accordance with "The Code of Practice on Local Authority Accounting in the United Kingdom 2014-15" ("the Code") published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.3 As a consequence of the audit, a small number of changes to the Statement of Accounts have been made which have been agreed with the Auditors. These are reported to the Audit Committee in the Auditor's Report to Those Charged With Governance.
- 1.4 The Committee is asked to review the content of the Statement of Accounts, in line with the information contained in the Audit Report, and approve them for publication in line with the Accounts and Audit Regulations 2011.

2.0 REVIEW OF THE STATEMENT OF ACCOUNTS

2.1 Income and Expenditure

- 2.1.1 Working balances have remained at £450k as a result of the following activity during the year.
- 2.1.2 The Council underspent against its net budget by £78k in the year

Overspends

Expenditure Area	£'000	Reason
Savings plans not met	350	Council continues to review service areas, but targets for delivery of savings, in particular staff savings, have not being realised.
Swindon Road Depot Costs	94	One off costs associated with the move of waste and recycling department to UBICO and the resultant release of the Council from the rental contract for the Swindon Road Depot.
Benefits take up	69	Benefits claim expenditure was higher than budgeted and the Council has not been able to process all claims to reclaim the total amount paid out back from government subsidy. This is mostly due to reduced subsidy received in respect of overpayments.
Other net overspends	85	
TOTAL	598	

Underspends

Expenditure Area	£'000	Reason
Additional grant funding	-70	Government grants for new burdens etc. not fully utilised.
Waste collection income	-80	Additional trade waste and garden waste income.
Planning and land charges Income	-97	Additional planning and land charges fees received above budget.
Council Tax Income	-57	Additional recovery of overpayments relating to previous years
Other savings	-372	
TOTAL	-676	

(78) Total Net (Underspend)/Overspend

2.1.3 The Council has also released earmarked reserves from the previous year of (£483k) which had been set aside to fund future expenditure, but had subsequently not been required in full. However the Council has also recognised additional requirement for future reserves of £561k.

2.1.4 The recognition of changes in requirement for these earmarked reserves, which were approved by the Executive in July 2015 has resulted in a change of £78k which matches the underspend for the year. This means that there is no change in the working balances held at the year end.

2.2 Balance Sheet

2.2.1 The total net worth of the Council, the aggregate value of all of the assets and liabilities in the balance sheet, has decreased by £4.241m to £1.869m.

2.2.2 The decrease in net worth is summarised in the Movement in Reserves Statement and there are a number of movements which contribute to this, including:

- an increase of £4.945m adjustment relating to the accounting for Business Rates. This complex regime requires adjustments between what was predicted to be collected from business in the Borough and what was actually collected. The adjustment was significant due to the impact of a large refund to a single business who had a successful appeal against the rateable value applied to them by the Valuation Office going back to 2005;
- other adjustments include a reduction in the Capital Receipts Reserve of £2.712m as the Council pays for improvements to the Council Offices, the commencement of the building of the new leisure centre as well as grants awarded to community and charitable causes;
- the pension deficit also increased by £5.138m due mainly to adjustments in the financial assumptions used by the actuary in assessing the value of assets and liabilities in the fund; and
- other factors that impacted on the net worth of the Council mainly relate to adjustments on the Council's fixed assets, such as revaluation of the Council's entire land and building assets at the 31 March.

2.3 Collection Fund Balances

2.3.1 The balance on the Collection Fund for Council Tax at the year-end was a surplus of £1.311m

2.3.2 Any balance on the Council Tax Fund will be redistributed amongst the precepting bodies of Gloucestershire County Council, Gloucestershire Police and ourselves, based on a proportion of the total precept demand from each body. £980k has already been allocated, based on an estimate of the outturn position in January 2015. The remaining balance of £331k will be incorporated in to the 2015/16 estimate of outturn in January 2016.

2.3.3 The balance on the Collection Fund for Business rates at the year-end was a deficit of (£14.938m).

2.3.4 This is due to collecting less than estimated before the start of the financial year and also set aside of funds to cover future appeals. Payments are set out before the start of the year. The deficit is allocated to the relevant bodies of Central Government (50%), Tewkesbury (40%) and Gloucestershire County (10%). The proportion of the deficit in relation to Tewkesbury accounts for a large element of the reduction in Net Worth described in Paragraph 2.2 above.

2.4 Capital Resources

2.4.1 The table below sets out the Council's capital resources at 31 March 2015. The total balance is £12.384m including capital grants. However, after allowing for commitments of £11.417m the unallocated budget available for new capital projects is £0.967m.

	Useable Capital Receipts (£'000)	Capital Grants (£'000)	Total (£'000)
Balance at 31/03/15	12,331	53	12,384
Capital Commitments - next 5 years	11,364	53	11,417
Balance Available	967	0	967

2.4.2 Expenditure of capital resources in 2014/15 was £3.675m and included £1,094k on Housing and Flooding Grants, £2,124k on property, plant and equipment, £275k on community grants and £108k on the IT software and other equipment.

2.4.3 The capital balances are invested and accrue interest which is credited to the Council's revenue account. Capital expenditure currently results in a loss of interest of approximately £9,000 per £1m spent.

3.0 OTHER OPTIONS CONSIDERED

3.1 The Committee can amend the accounts if required, or not approve them (which would contravene the Accounts and Audit (England) Regulations 2011).

4.0 CONSULTATION

- 4.1** The accounts and supporting documents were available for inspection by any person interested between 22 July and 18 August 2015, however, no one exercised these rights.
- 4.2** From 19 August 2015 until the conclusion of the audit process the Auditor has been available to receive questions and objections relating to the accounts from local electors. Both these opportunities were advertised in the local press and placed on the Council's website.

5.0 ANNUAL GOVERNANCE STATEMENT

- 5.1** The draft Annual Governance Statement was approved by the Audit Committee at its meeting on 24 June 2015 with no changes being required. The Statement was subject to review by the Council's external auditors to give assurance that it has been produced in compliance with guidance. No amendments have been required and therefore it has been signed off by the Leader of the Council and the Chief Executive and not re-presented to support the Statement of Accounts.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

- 6.1** The control and good management of financial resources is essential in order to effectively deliver the Council's priorities.

7.0 RELEVANT GOVERNMENT POLICIES

- 7.1** The Accounts and Audit (England) Regulations 2011

8.0 RESOURCE IMPLICATIONS (Human/Property)

- 8.1** None

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

- 9.1** None

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

- 10.1** The Statement of Accounts is available in a number of different formats depending on the users' needs.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

- 11.1** Executive Committee on 15 July 2015 approved the inclusion of Earmarked Reserves and the financing of capital expenditure.

Background Papers: None

Contact Officer: Emma Harley, Finance Manager
01684 272006 emma.harley@teWKesbury.gov.uk

Appendices: Appendix A – Statement of Accounts



**Tewkesbury
Borough Council**

Statement of Accounts For the year ended 31st March 2015



**Finance and Asset Management
Simon Dix
Group Manager**

STATEMENT OF ACCOUNTS 2014/2015 - CONTENTS

Contents	Page
Statement of Responsibilities	1
Explanatory Foreword	2 to 14
Movement in Reserves Statement	15 to 16
Comprehensive Income and Expenditure Statement	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Accounts	
1 Statement of Accounting Policies and Accounting Standards Issued, Not Adopted	20 to 34
2 Prior Period Adjustments	35
3 Critical Judgements in Applying Accounting Policies	35 to 36
4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	36 to 37
5 Material Items Of Income and Expense	37
6 Adjustments Between Accounting Basis and Funding Basis Under Regulations	38 to 40
7 Transfers to/from Earmarked Reserves	41
8 Other Operating Expenditure	42
9 Financing and Investment Income and Expenditure	42
10 Taxation and Non Specific Grant Income and Expenditure	42
11 Property, Plant and Equipment	43 to 45
12 Heritage Assets	46 to 47
13 Investment Properties	47
14 Financial Instruments	48 to 49
15 Short Term Debtors	49
16 Cash and Cash Equivalents	49
17 Short Term Creditors	50
18 Provisions	50 to 51
19 Usable Reserves	51
20 Unusable Reserves	51 to 53
21 Cash Flow - Operating Activities	54
22 Cash Flow - Investing Activities	54
23 Cash Flow - Financing Activities	55
24 Amounts Reported for Resource Allocation Decisions	55 to 58
25 Agency Services	59
26 Members' Allowances	59
27 Officers' Remuneration	60 to 61
28 External Audit Costs	62
29 Grant Income	62 to 63
30 Related Parties	63 to 65
31 Capital Expenditure and Capital Financing	65
32 Termination Benefits	66
33 Defined Benefit Pension Schemes	66 to 71
34 Leases	71 to 73

STATEMENT OF ACCOUNTS 2014/2015 - CONTENTS (Continued)

35	Nature and Extent of Risks Arising from Financial Instruments	74 to 78
36	Trust Funds	78
37	Contingent Assets	79
38	Events After the Balance Sheet Date	79
Collection Fund		80
Collection Fund Notes		81 to 83
Independent Auditor's Report to the Members of Tewkesbury Borough Council		84 to 86
Glossary		87 to 91

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

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

The Group Manager - Finance and Asset Management's Responsibilities

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

In preparing this Statement of Accounts, the Group Manager 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 Group Manager - 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 Statement of Accounts on pages 15 to 83 is the relevant Statement of Accounts 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 2015.

S J Dix
Group Manager - Finance and Asset Management

Date:

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

Councillor R Furolo

Date:

1. Introduction

The purpose of this foreword is to provide a clear guide to the most significant matters reported in the Accounts. This Statement of Accounts has been produced to comply with the adoption of the International Financial Reporting Standards.

2. Background

Tewkesbury Borough Council is one of 6 District Councils in Gloucestershire. It is predominantly rural, covers an area of about 160 square miles and serves a population of some 85,000. It has consistently set one of the lowest levels of Council Tax in the Country (5th lowest in England in 2014/2015).

3. Key Accounting Standards and Statements

This section of the foreword sets out information on the purpose of the various statements included in the 2014/2015 accounts followed by details of the Core and Supplementary Financial Statements that present the overall financial position of the Council.

3.1 Summary of the Purpose of the Various Statements included in the 2014/2015 Accounts

The Statement of Responsibilities

This Statement sets out the respective responsibilities of the Council and the Chief Financial Officer (Group Manager- Finance and Asset Management) for the accounts.

Independent Auditor's Report to the Members of Tewkesbury Borough Council

This is the Independent Auditor's Report to Tewkesbury Borough Council including the Conclusion on Arrangements for Securing Economy, Efficiency and Effectiveness in the Use of Resources.

3.2 Core Financial Statements

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'surplus or (deficit) on the provision of services' line shows the true economic cost of providing the council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net increase /Decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Comprehensive Income and Expenditure Statement

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

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

3.2 Core Financial Statements (Continued)

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

3.3 Supplementary Financial Statements

Collection Fund

This is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NDR) and its distribution to precepting bodies. The Council Tax precepting bodies are the Police and Crime Commissioner for Gloucestershire and Gloucestershire County 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 NDR tax base.

The scheme allows the Council to retain a proportion of the total NDR received. We get to keep 40% above baseline subject to a levy of 50% with the remainder paid to precepting bodies (Central Government get 50% and Gloucestershire County Council get 10%).

3.4 Qualitative Characteristics of Useful Financial Information

For financial information to be useful it should possess the following fundamental qualitative characteristics:

- relevance, and
- faithful representation.

The usefulness of financial information that is relevant and faithfully represented is enhanced if it is:

- comparable
- verifiable
- timely, and
- understandable.

4. Review of the Council's Activities in the Financial Year

The Council has not had any significant changes to the way it operates or to the statutory functions that it is required to provide to residents of the Borough. There have also been no significant changes in the services that it provided during the year. This means that the information presented in the financial statements is comparable with previous financial years.

The Council has a net underspend against its revenue budget of £78k for 2014/2015 (see section 7 for further details). The Council has utilised the underspend to increase Earmarked Reserves to fund future known expenditure and to cover technical accounting requirements. Therefore the net impact on the General Fund is Nil, and the Council has not had to use any General Fund Reserves in 2014/2015 to meet its revenue expenditure. All costs in year have been met from income received or from use of Earmarked Reserves already identified by the Council.

4. Review of the Council's Activities in the Financial Year (Continued)

As detailed in section 6 below the Council has incurred a significant one off cost for the refund of Business Rates relating to an appeal against previous years charges. Whilst the amounts refunded are significant and have had an impact on the Council's cash flow and investment position, the cost to the revenue position has been limited by the Framework put in place by Central Government. The actual cost to revenue in year is around £600k and the Council was able to use Earmarked Reserves that it had set aside in previous years to cover the impact on the revenue budget.

The Council over the financial year has continued to invest in its services to try and deliver improvements to customers whilst reducing costs. For example the revenues and benefits team has reviewed its processes which has seen a reduction in time taken to process changes to benefit claims and council tax accounts, to the benefit of residents, whilst also improving administration which has increased subsidy claimed by the Council from Central Government. Similar plans are in place for reviews of Planning and Environmental Health in the coming year which are hoped to recognise further benefits.

One of the significant projects that has been developing over the last 12 months is the Local Plan which feeds the development plans for the Tewkesbury area. This is a significant issue for the development of the Borough and surrounding area for the next 20 years and so is important to take in the views of all stakeholders, including residents, businesses and other government departments at a local and national level.

The Council has set its objectives to improve services and to deliver new projects without increasing the burden on Council Tax payers and still maintaining services already provided. At present the Council is achieving this mainly through additional funds received from New Homes Bonus, additional funding provided based on the number of new homes build in the borough. This funding has been vital to ensure the delivery of improvements with the objectives set by the Council Members; however uncertainty remains over whether the New Homes Bonus system will remain in place and also the level of house building in the Borough. Without this funding savings may have to be identified, which could impact on front line services, or through increased Council Tax income from ratepayers.

No other material or unusual charges or credits have been recognised in the financial statements, and the revenue expenditure in the year is consistent with the activities of the Council in provision of its services on a year to year basis.

The Council has used its capital resources to improve the Council Offices in Tewkesbury. This has allowed the council to rationalise the floor space it utilises and rent out space to other users. There is still spare capacity within the offices which Officers and Members are reviewing to look at how it is utilised; rental income could be used to offset pressures on the budget.

The Council has also seen the commencement of the build of a new leisure centre in Tewkesbury; a significant investment in a new facility for the local residents. This will provide an up-to-date facility to promote health and wellbeing in the Town, which will replace the old Cascades centre which is coming to the end of its useful life and needs a lot of investment to continue to operate it. The new centre will also produce revenue saving to the Council.

5. Technical Accounting Changes in the financial Year impacting on the presentation of the financial statements

There are no significant changes in accounting policies this year, only minor changes to existing policies. This means that the information presented in the statement of accounts is comparable with information relating to the previous financial year.

6. Summary of The Council's Financial Position

a) Economic Background

The UK economy has been recovering at a relatively strong rate since early 2013 despite a slight contraction of growth in 2014 as a result of problems in the Eurozone. The UK economy grew by 2.6% in 2014 as a whole which was the fastest rate since 2007 and is expected to average 2.5% in 2015 before easing off in 2016.

6. Summary of The Council's Financial Position (Continued)

In January 2015 the Consumer Price Index (CPI) has moved below the Bank of England's target of 2%, after a 5 year period where it was consistently above this threshold. With a current CPI rate of 0.1% (May 2015) and a forecast of a close to zero average for the whole of 2015, interest rates remain low but this does not mean they won't rise later in the year.

Unemployment has continued to fall and employment has continued to rise which in turn has helped consumer spending to grow in spite of low rates of average real earnings growth rates until recent months. The official interest rate remained at 0.5% over the whole financial year and this is expected to continue until late 2015 or early 2016.

The Council continues to face deficits in its budget over the coming years (£2.8m over the next 5 years) which is highlighted in the Medium Term Financial Strategy (MTFS) and in light of this the council has strategies in place in order to achieve a balanced budget. These strategies include the Business Transformation Strategy, the use of New Homes Bonus to support the base budget (and mitigate some of the risks inherent in our budget) and also a five year Council Tax Strategy. More details on these can be found on the Council's website.

Impact on Services

The continuing low bank base rates will continue to have a significant impact on returns from the Council's investments of some £14m (including call accounts). In 2008/2009 the Council was achieving an average return of some 5.31% which had already dropped to 2.78% in 2009/2010 and dropped to 0.85% in 2014/2015 as higher rate loans matured and rates fell. This led to a reduced level of investment income in 2014/2015 of £179k.

The Council sets aside a working balance of £450k to support the annual budget and believes this is an adequate level of revenue resources to maintain.

With risks around future government funding and the implications of government policies like Welfare Reform the impact on services is slightly uncertain and this has been allowed for in our budget with an amount of New Homes Bonus set aside to cover any deficit arising from these risks.

Business Rates

The volatility of the new business rates retention scheme that came into place on 1 April 2013 has been evident for this Council during 2014/2015. The total rates we estimated we'd collect in the year was £34.7m but due to some large refunds we collected £11.6m less than expected. This meant that Tewkesbury's share of the loss was £4.6m in the year and put us in a safety net position. As we are part of Gloucestershire Business Rates pool the pool had to fund the safety net payment of £3.96m to us as the pool's constitution dictates; this not only meant that any reserves the pool held were wiped out but each Council had to pay money back into the pool to fund this.

The main reason for the under collection of rates was due to the assessment of Virgin Media (formerly Telewest Communications). An appeal dating back to the 2005 rating list was settled and reduced from £6.4m at the highest value to £3.8m at the end of the rating list. This nearly 40% decrease meant a refund of £3.4m to them in the year with another £3.76m being paid out subsequently for an appeal on the 2010 rating list. Despite these adjustments being accepted there are 8 new appeals against the 2010 rateable value for Virgin which mean that we are still in danger of paying out more in refunds if they are successful.

The provision we had predicted in our estimate for 2014/2015 didn't include one for Virgin's 2010 rateable value as they had never appealed this, consequently we have had to fund this out of current years budgets and reserves.

Also in the Chancellors Budget in October 2014, he announced a change in the regime for making appeals. Any appeal made after the 1st April 2015 could only receive a backdated award to this date. Consequently the Council have received a large influx of appeals during March 2015, to ensure that they are received by the Valuation Officer before the cut-off date of 31st March 2015. The Council is not able to assess whether these appeals are likely to be successful as this is the responsibility of the Valuation office. The Council has taken the prudent approach to significantly increase our provisions by £6.15m to £6.58m as at 31/03/2015.

6. Summary of The Council's Financial Position (Continued)

Impact on Assets

The downturn in the economy has impacted on housing prices throughout the country although recent rises in prices have resulted from the improving financial outlook. As part of our new valuation tender we now get all our assets measured on an annual basis as at 31st March.

b). What We Own

Plant, Property & Equipment:

The Council owns Plant, Property & Equipment (PP&E) at 31 March 2015 with a net book value of £15,186,978. A full valuation of the Council's relevant Land and Buildings was undertaken in 2015 by the Council's appointed valuer, Wilks Head & Eve. The Council will be undertaking a valuation of all its land and buildings at the end of each financial year to ensure that the value showing in the statement of accounts reflects the most up-to-date value.

The Council's spent the following on acquisitions and works on PPE in 2014/2015:

- Building works associated with the new leisure being built in Tewkesbury of £1,248,224.
- Completion of works associated with the improvements to the Council offices of £819,515.
- Flood prevention improvement works at Blackberry Grove of £55,865
- The purchase of Waste and Recycling bins of £70,938.
- Information Technology Hardware and associated software of £12,378

There were no disposals in the year.

Investment Properties:

The Council owns Investment Property and land at 31 March 2015 with a market value of £3,325,682.

This is an increase of £175,682 on the previous year's value in the statement of accounts, which is due to the Valuer's assessment where they have increased the value due to improved market conditions.

Heritage Assets

The Council has a range of assets which have limited financial value to disclose in the accounts, but are held for historical, cultural and education purposes. These include museum displays and civic regalia and in total are valued at £217,929. The Council took ownership of the Arrivall Horse sculptures in 2014/2015. These are 18ft wooden sculptures of horse and rider and are situated to the south of Tewkesbury that commemorates the Battle of Tewkesbury in 1471. They are valued in the Statement of Accounts at £92,500.

c). What We Are Owed

Investments:

The Council had a combination of Short Term and Cash and Cash Equivalent investments of £14,757,915 as at 31 March 2015. These investments are made in accordance with the adopted Treasury Management Strategy and generated some £179k of investment income in the year which the Council uses to support the budget to deliver services to the residents of the Borough.

This is a reduction of £5.285m from the balance held at the end of the previous year. Some of this reduction was planned, due to the large capital programme to build the new leisure centre in Tewkesbury, funded from the Council's own capital resources.

However, as referred to above, the large refund paid to Virgin Media, as a result of an appeal against the amount of Business rates paid, meant that we had to use our investments and cash to cover the amount of the refund.

6. Summary of The Council's Financial Position (Continued)

The impact of this is that we have fewer resources available to put into interest earning investments meaning that we have less income from these investments to fund our services to the Borough. The level of investments will continue to fall over the following financial year and that the Council will have to look at ways of continuing to balance the budget.

Debtors:

In addition to Investments the Council were owed £9,077,332 at 31 March 2015, which consisted of Long Term Debtors of £32,371 and Short Term Debtors of £9,044,961

- Support from the Gloucestershire Pool in relation to the Business Rates Deficit of £3,956,118
- Support from Central Government in relation to the Business Rates Deficit of £1,715,359
- Support from Gloucestershire County Council in relation to the Business Rates Deficit of £565,630
- Outstanding amounts owed from benefit claimants who have been overpaid of £1,171,387
- Outstanding amounts owed from customers for goods and services provided of £656,369

d). What We Owe

The total liabilities of the Council stood at £41,071,220 at 31 March 2015. They contained the following:

The Council owes creditors £2,351,389 as at the 31st March 2015. This represents the amounts owed at the year end for goods and services which we had received but not yet invoiced for. The Council has a policy to pay all creditors on receipt of a valid invoice for goods and services we have received. The majority of these payments were settled in April and May. As required under the Code of Practice and Accounting Standards the costs should be accounted for in the financial year they were incurred and not at the time they were actually paid.

The Council has put aside £4,141,796 as provisions to cover future costs which relate to Council activity prior to the end of the year. This includes £3,706,179 relating to costs expected to be incurred in the following financial year and £435,617 of costs which may be incurred in the longer term.

The largest provision is in relation to outstanding appeals by Business rates payers against previous year's assessments they have paid. The Council expects the majority of these to be decided by the Valuation Office in the next 12 months. The Council has set aside what is considered a prudent sum of funds to cover any liability that could be incurred as a result of the decisions by the Valuation Office. More information is available on Note 18 of the statements.

Our liabilities also include a long term lease that the Council has for hire of refuse vehicles. At the 31st March 2015 the Council still has 2 years of this contract to run. We are required to disclose the total amount that would be required to be paid in our accounts. We will owe £730,943 on this contract over the next 2 years.

From the 1st April 2015, the Council has transferred its waste, recycling and grounds maintenance services to a company called UBICO. This company, which is part owned by Tewkesbury Borough Council, will continue to provide the Council's services on its behalf. As part of the transfer, the contract for the Waste Vehicles has also been transferred. Whilst the Council will still pay indirectly for the waste vehicles, the future liability for the lease has been transferred to UBICO and will be carried in their financial statements; further details are given in section 13 below.

Other Long Term Liabilities:

Pensions Liability:

The Council participates in the Gloucestershire County Council Pension Scheme, which provides members with defined benefits (retirement lump sums and monthly pensions) related to pay and service. This is a funded scheme paid for by employee and employer contributions into the scheme. The Pension Liability has increased during the year by £5,138,000 to £33,845,000 at 31 March 2015. This represents the shortfall in the position of the current pension fund against the requirement to meet all the future liabilities.

6. Summary of The Council's Financial Position (Continued)

This increase in the year is because of changes in the financial assumptions made by the actuary about future discount rates as well as Pension and Salary increase rates. These are projected over the next 50 - 100 years and so are subject to a high degree of estimation and can fluctuate alongside economic and market conditions. The increase in the liability is not due to significant changes in the membership of the scheme or the benefits received.

Whilst the Council does not have the cash resources to cover the full deficit at this point in time, the future liabilities will also be spread over the lifetime of the members of the scheme. The Council relies on advice from the scheme actuary to set a level of contributions necessary to cover the deficits over the life of the fund. This is calculated by the actuary as part of the triennial review of the fund. The latest actuarial review took place 31 March 2013 and set the deficit contributions up to the 31/03/17 when the next review will be undertaken. The contributions are:

Year ended	% of pensionable payroll	Lump sum payment £k
31/03/2016	14.7	1,337
31/03/2017	14.7	1,533

e). Our Net Worth

The Council's Net Worth at 31 March 2015 was £1,869,116. This is made up of items available to support future expenditure (Usable Reserves) and items that are technical accounting reserves that cannot support future expenditure (Unusable Reserves).

Usable Reserves:

The Useable Capital Receipts Reserve shows a balance of £12,331,033 at 31 March 2015. The reserve is held pending expenditure through the Capital Programme. This reserve has fallen during the year as capital receipts are utilised to fund the expenditure on assets, as detailed above on the section on PPE. These receipts will fall significantly in the future as the payments for the construction of the leisure centre continue as building works progress. This will leave the Council limited opportunities to fund future capital schemes from within its own resources.

The Earmarked Revenue Reserves totalled £10,117,814 at 31 March 2015, an increase of £5,266,491. These reserves are set aside to meet future costs that the council knows it is going to incur. Some of this money set aside will be spent on projects to invest in new systems and processes so that they become more efficient and can reduce costs in the future. Other money is set aside for one off projects, such as the implementation of the Local Plan, which is going to take several years to implement. By using resources available now to fund these then we can avoid those costs impacting on Council Tax payers in the future.

However a significant amount of the reserves held are either held for third parties (e.g. specific grants) and there is also a material reserve which reflects timing differences in how the Council is required to account for Business Rates. The Council estimates the amount it will collect in Business Rates before the start of the financial year which this is reported to Central Government. At the end of the year the Council calculates the actual receipts and settles its position with the government. Due to the impact of the appeals against the council and the large adjustments to business rates in 2014/2015, the amounts due to be paid against what we estimated is significantly higher. The Council has had to set aside a reserve of over £5m, in recognition of amounts that will become due to be paid over to Central Government. It has been funded from reserves brought forward from the previous year, new homes bonus and timing differences within the 2014/2015 income and expenditure accounts.

The reserves held at 31 March 2015 are already committed to meet future expenditure and further analysis of the types of expenditure they are being held for is provided in the notes to the accounts.

6. Summary of The Council's Financial Position (Continued)

The General Fund balance is to provide the council with day-to-day cash flow cover for our revenue account because inevitably there is a timing mismatch between the money being paid out and the money coming in. The level of working balance required within the General Fund was assessed for a Council our size at £450,000.

The Unusable Reserves include major reserves such as the Pensions Reserve, the Capital Accounting Adjustment Account, and the Revaluation Reserve as well as a number of smaller reserves. They are necessary to ensure that local authority accounts are more comparable to the private sector. These reserves do not represent funds available to the Council to spend and do not in themselves impact on the levels of Council Tax levied on residents in the Borough to fund services.

7. Comparison of Budget against Outturn

	£ Actual	£ Budget	£ Variance
Corporate & Democratic Core	2,063,115	1,887,158	175,957
Central Services to the Public	1,030,123	791,499	238,624
Cultural & Related Services	1,005,533	1,045,976	-40,443
Environmental & Regulatory Services	3,189,268	2,861,608	327,660
Highways, & Transport Services	-574,055	-404,073	-169,982
Housing Services	1,804,048	1,012,791	791,257
Planning and Development Services	1,013,731	1,178,341	-164,610
Non Distributed Costs	-99,381	1,212,460	-1,311,841
Cost of Services	9,432,382	9,585,760	-153,378
Mortgage pooling	14,467	0	14,467
Interest receivable and similar income	-185,658	-219,735	34,077
Trading Accounts	-141,537	-138,450	-3,087
Leasing Charges	86,857	86,858	-1
Capital transactions	-428,809	0	-428,809
Pension adjustments	1,216,000	0	1,216,000
Council Tax and NDR adjustment	5,261,044	0	5,261,044
Contributions to/from revenue reserves	-793,360	-568,269	-225,091
Total Expenditure	14,461,386	8,746,164	5,715,222
Parish Precepts	1,532,813	1,532,813	0
less:			
Council Tax Income	-4,642,941	-4,642,485	-456
Non Domestic Rates	-6,798,316	-1,893,778	-4,904,538
Revenue Support Grant	-1,872,474	-1,872,474	0
Other Non-Ring-fenced Government Grants	-2,680,468	-1,870,240	-810,228
	-	-	
	15,994,199	10,278,977	-5,715,222
(Increase)/Decrease in Working Balances	0	0	0

7. Variances 2014/2015 (by expenditure type)

	Note	Employee Costs	Property Maintenance	Utilities/ rents/ rates	Transport	Supplies	Agency Costs	Transfer Payments	Income	Savings Plans	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Business Transformation		28								-46	-18
Democratic Services		29									29
Civic Expenses						12					12
Development Control	1						-75		172		97
Joint core strategy		-42							54		12
Local Land Charges							-29		42		13
Land Drainage and Flood Prevention							-55		58		3
Building Regulations							10				10
Leisure Services (Leisure Centre)		39	10	20					-43		26
Tourist information centres	2	24								-70	-46
Public offices			11	47						-38	20
Bank Charges						15					15
External Audit & Inspections									14		14
Cemetery Bishops Cleeve									15		15
Car Parking									21		21
Tewkesbury Cemetery									10		10
Depots									-13		-13
Interest and Investment Income									80	-90	-10
Housing and Environment		11			16				18	-21	24
Direct services		28									28
Grounds maintenance		-14			-20						-34
Waste Collection Services	3	-38					46		72		80
Waste Collection Strategy						14	-11				3
Swindon Road Depot	4			-94							-94
Contaminated Land							-20				-20
Renovation Grants									10		10
One legal		-27							20		-7
Revenues & Benefits						10					10
Council Tax	5								70		70
Housing Benefit-Rent Allowances	6							220	-289		-69
Council Tax Benefits	7								57		57

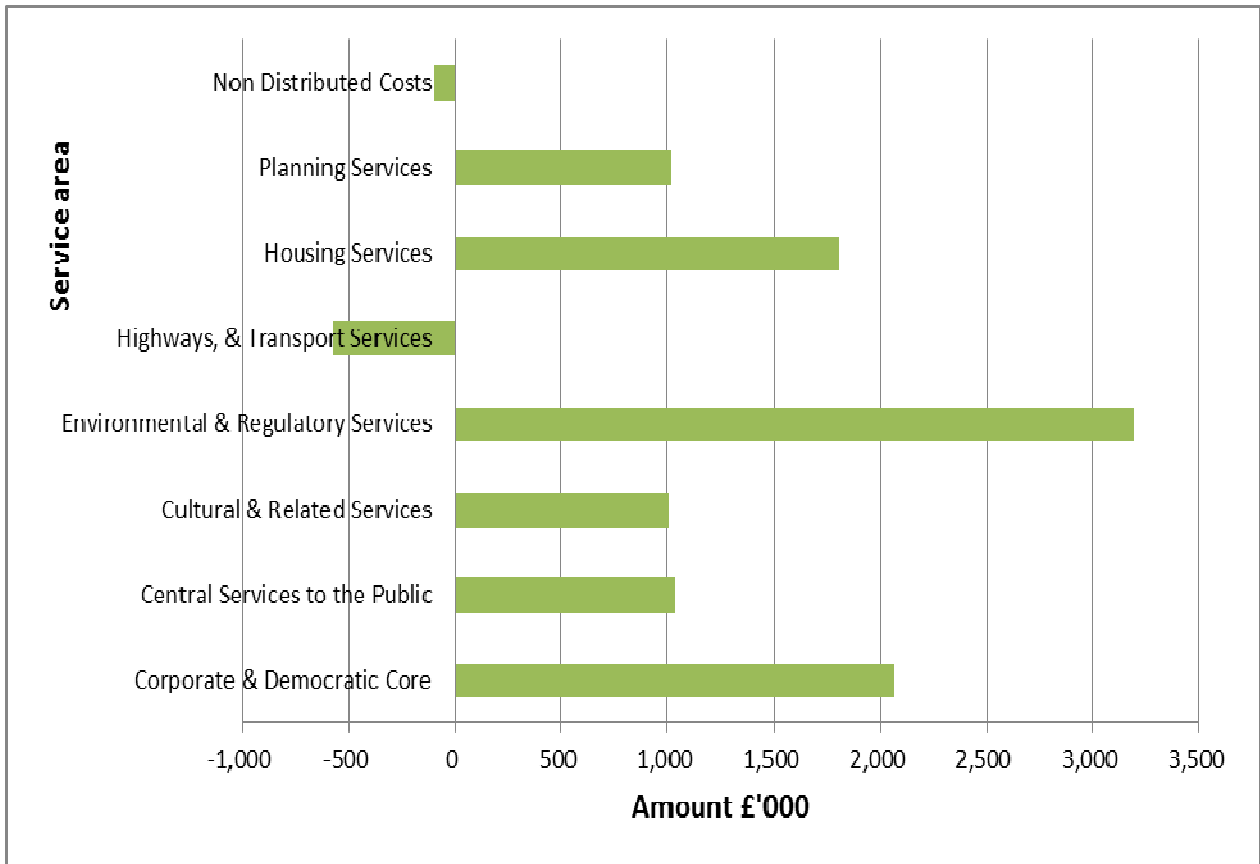
7. Variances 2014/2015 (by expenditure type) (Continued)

	Note	Employee Costs	Property Maintenance	Utilities/ rents/ rates	Transport	Supplies	Agency Costs	Transfer Payments	Income	Savings Plans	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Procurement Savings										-28	-28
Salary Savings	8									-258	-258
Other net		10	6	7	20	-4	-30		87		96
		48	27	-20	16	47	-164	220	455	-551	78
	9										483
											-561
											0
											0

Explanation of significant variances

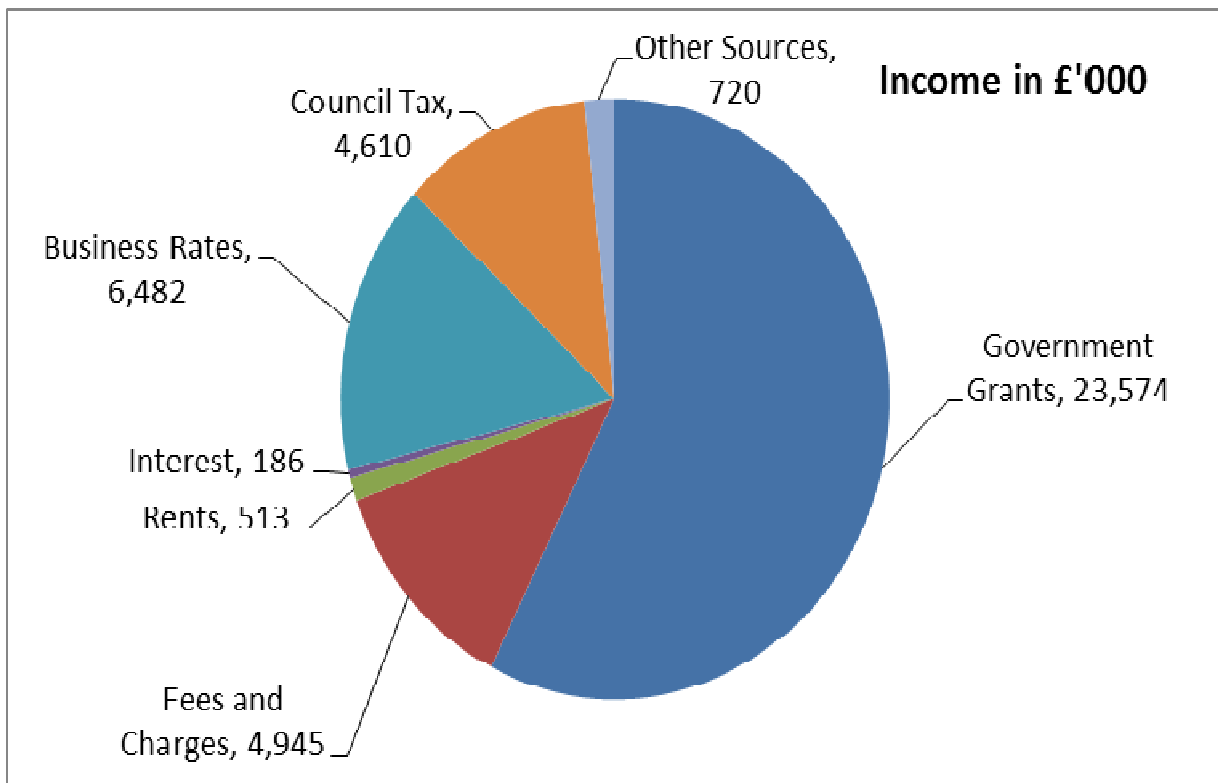
- 1 There was an overspend of £75k in relation to costs associated with successful planning appeals against the Council as there were more appeals than budgeted for. The overall position within this service is an underspend due to £172k of additional planning income as more applications were received than predicted in the budget.
- 2 The Council has been reviewing the tourist information centres with the aim of identifying savings. A plan to realise these savings was due to be implemented in 2014/2015, however this has slipped into 2015/2016 resulting in an overspend against budget. This overspend has been reduced by staff costs being less than budget in year.
- 3 The waste collection service has brought in more income from garden waste and trade waste service than predicted in the budget. There was also a saving as the Council received better returns from its recycling contract due to an increasing price received for recycled materials. The overall budget saving was reduced by additional costs on staff, mainly agency staff, to cover sickness and absence within the waste team.
- 4 There is a one off potential cost identified in relation to the release of the Swindon Road lease. In terminating the lease a claim has been made in relation to historical management costs. The Council is currently negotiating the fee that is required to settle the lease costs.
- 5 The Council received additional grants (such as new burdens grants) from central government which had not been included in the budget. This meant that the cost of council tax service was less than expected.
- 6 The expenditure on benefit claimants was less than budgeted leading to an underspend of £220k which was partly offset by a similar reduction in the subsidy payment received. However there was also a reduction in the amount of overpaid benefits reclaimed by the Council, so against our budget this meant that overall the benefit scheme cost the Council £69k more than expected.
- 7 Due to changes in the government regime the Council no longer provides council tax benefits, therefore any amount recovered from claimants in respect of backdated overpayments is a gain for the Council.
- 8 The Council had a target to achieve on-going savings from a reduction in staff establishment which has not been realised. There have been savings in employee costs in year through vacancies and absences but these are not recurring savings.
- 9 The Council has a net underspend in the year of £78k against its planned expenditure. There was also £483k of Earmarked Reserves which were left over at the year-end that had not been utilised and which were no longer required. This balance can therefore be released back to revenue to fund expenditure which would lead to an overall underspend of £561k. However, the Council has identified that it requires the £561k to fund specific future expenditure where funding had not been found from within existing reserves. The Council transferred the balance to Earmarked reserves which means that the overall impact on the General Fund in 2014/2015 is Nil

8. The Services Provided

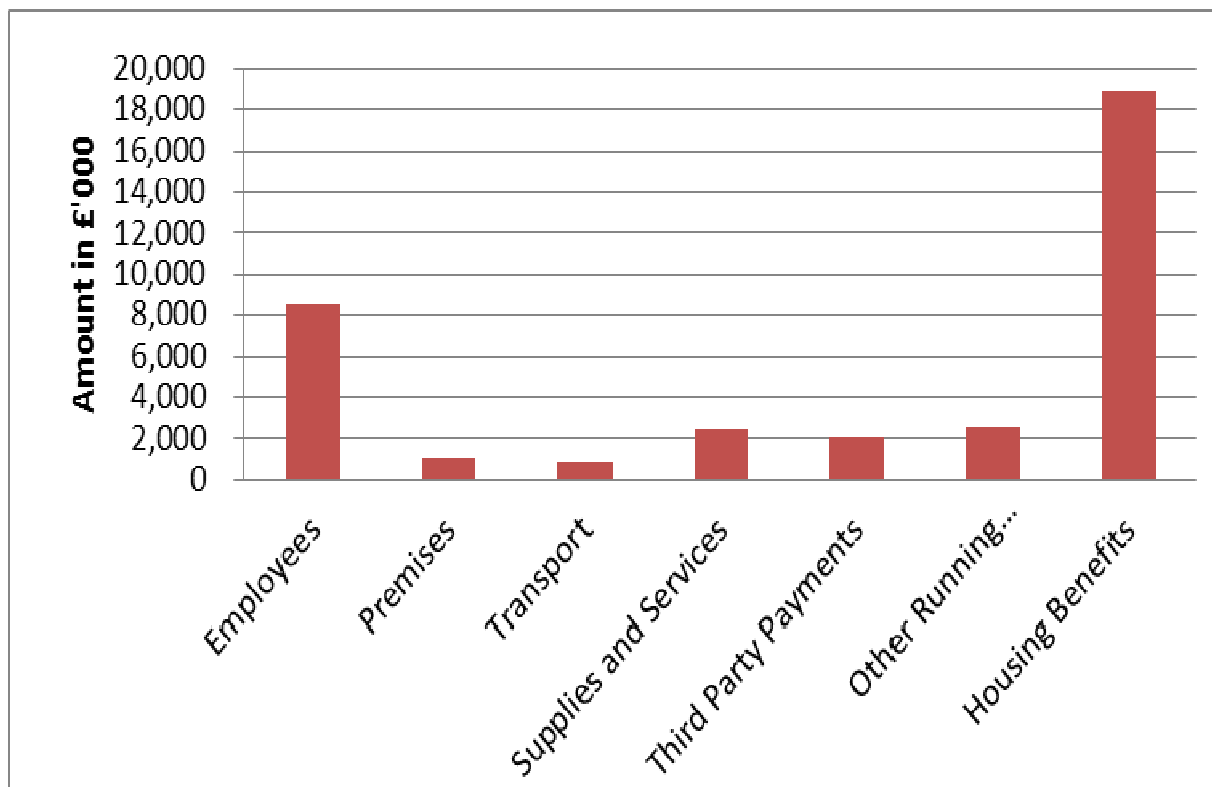


This table shows the net expenditure by service as shown on the CIES

9. Where the money comes from



10. What the money is spent on



11. Capital Expenditure

The Council's total spend on capital projects was £3,675k. The major areas of expenditure included £779k on Disabled facilities Grants, £820K on the administrative HQ and £1,248k on the new leisure centre.

The table below shows how the whole programme was spent (£'000):

Expenditure on own property	2,124
Refuse and Recycling	71
IT Hardware and Software	86
Housing	779
Flood prevention/repairs	341
Community Grants	274
Total	3,675

The expenditure programme was financed from the following sources:

Specified Capital Grants	797
Capital Receipts	2,878
Total	3,675

The Council has a Medium Term Capital Programme that was included within the budget set in February. The current capital programme is below:

11. Capital Expenditure (Continued)

Area of expenditure	Projected Expenditure (£'000)					TOTAL
	2015/16	2016/17	2017/18	2018/19	2019/20	
Capital Grants allocated	504	0	0	0	0	504
Capital Grants unspent	143	0	0	0	0	143
Disabled Facilities Grants	220	220	220	220	220	1,100
Asset enhancement or creation and capitalisation	6,378	1,166	0	0	0	7,544
Asset Investment	2,000	0	0	0	0	2,000
Community Projects	30	120	30	30	30	240
Service review	4	0	0	0	0	4
Total Expenditure	9,279	1,506	250	250	250	11,535
Financing						
Usable Capital Receipts Reserves	9,279	1,506	250	250	250	11,535
Total Financing	9,279	1,506	250	250	250	11,535

With a current Usable Receipts Reserve of £12 million the Council has enough funds to carry out the capital programme.

12. Treasury Management Strategy

The Treasury Management Strategy (approved in February 2015) underlies any need to borrow but currently the Council has no borrowings (apart from for cash flow purposes).

13. Events after the end of the financial year

On the 1st April 2015 the Council entered into a contract with UBICO Ltd, for them to provide the Council's waste, recycling, ground maintenance and street cleansing services. UBICO Ltd is a company which is partly owned by councils within Gloucestershire, for whom it provides services for. From the 1st April 2015 Cheltenham BC, Cotswold DC, Stroud DC and Forest of Dean DC as well as Tewkesbury have an interest in the Company and therefore have a say in the operation of the Company. As well as providing services to the councils listed above, they also use spare capacity to carry out contract work for other public and private sector bodies.

As part of the contract with UBICO, the Council transferred all the staff under TUPE regulations as well as vehicles and equipment, which had been part of the Council's Waste, recycling, grounds maintenance service within the control of the Housing and Environmental Services Group. This included about 70 posts and also refuse vehicles leased by the Council as well as other vehicles and equipment used to provide those services

The terms of the contract are that UBICO will continue to provide the services, previously provided by the Council, utilising the personnel and equipment transferred. Therefore in the 2015/2016 accounts, there will be a reduction in staff costs and also costs associated with vehicles. However this will be replaced with a contract fee payment to UBICO.

14. Further Information

Further information about the accounts is available from Financial Services, Council Offices, Tewkesbury in accordance with the Council's policy of providing full information about its affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press and on our website.

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserve s	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movement in reserves during 2014/2015							
Balance at 31 March 2014 carried forward	450	4,851	15,043	46	20,390	-14,281	6,109
Surplus or (deficit) on provision of services	-794	0	0	0	-794	0	-794
Other Comprehensive Expenditure and Income	0	0	0	0	0	-3,446	-3,446
Total Comprehensive Expenditure and Income	-794	0	0	0	-794	-3,446	-4,240
Adjustments between accounting basis & funding basis under regulations (Note 6)	6,060	0	-2,712	8	3,356	-3,356	0
Net Increase/Decrease before Transfers to Earmarked Reserves	5,266	0	-2,712	8	2,562	-6,802	-4,240
Transfers to/from Earmarked Reserves (Note 7)	-5,266	5,266	0	0	0	0	0
Increase/Decrease (movement) in Year	0	5,266	-2,712	8	2,562	-6,802	-4,240
Balance at 31 March 2015 carried forward	450	10,117	12,331	54	22,952	-21,083	1,869

71

MOVEMENT IN RESERVES STATEMENT (Continued)

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Movement in reserves during 2013/2014							
Balance at 31 March 2013 carried forward	450	2,817	15,855	29	19,151	-12,264	6,887
Surplus or (deficit) on provision of services	-335	0	0	0	-335	0	-335
Other Comprehensive Expenditure and Income	0	0	0	0	0	-443	-443
Total Comprehensive Expenditure and Income	-335	0	0	0	-335	-443	-778
72 Adjustments between accounting basis & funding basis under regulations (Note 6)	2,369	0	-812	17	1,574	-1,574	0
Net Increase/Decrease before Transfers to Earmarked Reserves	2,034	0	-812	17	1,239	-2,017	-778
Transfers to/from Earmarked Reserves (Note 7)	-2,034	2,034	0	0	0	0	0
Increase/Decrease (movement) in Year	0	2,034	-812	17	1,239	-2,017	-778
Balance at 31 March 2014 carried forward	450	4,851	15,043	46	20,390	-14,281	6,109

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2013/2014			2014/2015			
Gross Expenditure £	Gross Income £	Net Expenditure £	Note	Gross Expenditure £	Gross Income £	Net Expenditure £	
2,154,957	-2,588	2,152,369	Corporate & Democratic Core	2,077,251	-14,136	2,063,115	
1,561,310	-788,538	772,772	Central Services to the Public	1,785,338	-755,215	1,030,123	
2,198,385	-1,437,790	760,595	Cultural & Related Services	2,257,382	-1,251,849	1,005,533	
4,457,558	-1,731,625	2,725,933	Environmental & Regulatory Services	5,109,723	-1,920,455	3,189,268	
336,344	-698,278	-361,934	Highways, & Transport Services	323,421	-897,476	-574,055	
20,217,919	-18,789,539	1,428,380	Housing Services	21,112,180	-19,308,132	1,804,048	
1,845,929	-1,430,138	415,791	Planning Services	2,216,008	-1,202,277	1,013,731	
148,891	0	148,891	Non Distributed Costs	0	-99,381	-99,381	
32,921,293	-24,878,496	8,042,797	Total Cost of Continuing Operations	34,881,303	-25,448,921	9,432,382	
1,477,531	-255,472	1,222,059	Other Operating Expenditure	8	1,547,281	-159,825	1,387,456
1,354,888	-361,523	993,365	Financing and Investment Income and Expenditure	9	1,304,581	-505,405	799,176
12,998,691	-22,921,752	-9,923,061	Taxation and Non-Specific Grant Income and Expenditure	10	17,229,871	-28,055,526	-10,825,655
15,831,110	-23,538,747	-7,707,637		20,081,733	-28,720,756	-8,639,023	
		335,160	(Surplus)/Deficit on Provision of Services			793,359	
		-127,000	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets			-1,393,670	
		570,000	Remeasurements of the Net Defined Benefit Liability			4,841,000	
		443,000	Other Comprehensive Income and Expenditure			3,447,330	
		778,160	Total Comprehensive Income and Expenditure			4,240,689	

73

BALANCE SHEET

31 March 2014 £		Notes	31 March 2015 £
12,489,030	Property, Plant & Equipment	11	15,186,978
3,150,000	Investment Property	13	3,325,682
332,954	Intangible Assets		356,807
125,429	Heritage Assets	12	217,929
59,025	Long Term Debtors		32,371
16,156,438	Long Term Assets		19,119,767
14,036,515	Short Term Investments	14	7,025,261
15,397	Inventories		17,693
3,314,383	Short Term Debtors	15	9,044,961
6,006,324	Cash & Cash Equivalents	16	7,732,654
23,372,619	Current Assets		23,820,569
2,104	Short Term Borrowing	14	2,092
2,322,776	Short Term Creditors	17	2,351,389
357,732	Provisions	18.1	3,706,179
2,682,612	Current Liabilities		6,059,660
982,419	Provisions	18.2	435,617
29,754,220	Other Long Term Liabilities		34,575,943
30,736,639	Long-Term Liabilities		35,011,560
6,109,806	Net Assets		1,869,116
450,000	General Fund Reserve	MIRS	450,000
4,851,323	Earmarked Reserves	7	10,117,814
15,043,844	Capital Receipts Reserve	MIRS	12,331,033
46,618	Capital Grants Unapplied	MIRS	53,846
20,391,785	Usable Reserves		22,952,693
3,397,694	Revaluation Reserve	20.1	4,704,993
-28,707,000	Pensions Reserve	20.3	-33,845,000
11,874,007	Capital Adjustment Account	20.2	13,872,967
50,779	Deferred Capital Receipts		30,772
96,542	Financial Instruments Adjustment Account		72,407
-893,501	Collection Fund Adjustment Account	20.4	-5,838,520
-100,500	Short-Term Accumulating Compensated Absences Account		-82,000
0	Available for Sale Adjustment Account		804
-14,281,979	Unusable Reserves		-21,083,577
6,109,806	Total Reserves		1,869,116

CASH FLOW STATEMENT

2013/2014	Note	2014/2015
£		£
335,160		793,359
-2,896,783	21	-175,927
0		0
-2,561,623		617,432
-764,655	22	-5,012,186
-309,829	23	2,668,424
-3,636,107		-1,726,330
-2,370,217		-6,006,324
<u>-6,006,324</u>	16	<u>-7,732,654</u>

75

1. Accounting Policies and Accounting Standards Issued, Not Adopted

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/2015 financial year and its position at the year-end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/2015 and the Service Reporting Code of Practice 2014/2015, 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 Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Council prepares its accounts on the basis that it remains a going concern; that is that there is the assumption 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

The Council deems cash and cash equivalents to include all 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.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

The Council defines 'readily convertible' to mean an investment which can be 'called' within 30 days and has insignificant withdrawal penalties.

Bank Overdrafts that are an integral part of the Council's cash management will be included within cash and cash equivalents.

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.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (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:

1.4 Employee Benefits (Continued)

- 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 Statement of Accounts is authorised for issue. Two types of events can be identified:

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

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

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.

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.

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).

1.6 Financial Instruments (Continued)

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.

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.

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.

1.7 Government Grants and Contributions (Continued)

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.

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 has a controlling interest in a Trust which has the nature of subsidiary and previously required it to prepare group accounts. Following a report from an independent valuer the Trust revalued their interest in the property down to nil and so group accounts are no longer prepared on the grounds of materiality. The Council acts as management agents and deficit funds the Trust so all cash flows, income and expenditure is held in the Single Entity's accounts with no adjustments.

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.

The Council currently has no long term contracts.

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

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).

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).

1.12 Leases (Continued)

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 (England and Wales) or Capital Receipts Reserve (Scotland)] 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 (England and Wales).

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). 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.

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 charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014/15* (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

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.

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

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

Fair 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.

1.16 Property, Plant and Equipment (Continued)

- Depreciated historic cost
- 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 cannot 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 fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. The items within a class of property, plant and equipment are revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates. 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.

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).

1.16 Property, Plant and Equipment (Continued)

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 21 years.
 - Other assets have an estimated UEL of between 40 - 50 years
- Vehicles, plant, furniture and equipment
 - 5 years, which is deemed an reasonable estimation of the UEL of these types of assets;
- Vehicles Finance Lease
 - 7 years, which represents the life of the contract;
- Infrastructure
 - Over the UEL of the individual assets as estimated by the valuer or Land Drainage Officer.
 - These assets have an estimated UEL of between 30 - 60 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.

1.18 Provisions, Contingent Liabilities and Contingent Assets (Continued)

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 accounts.

Contingent Assets

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

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

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, financial instruments, and 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 a 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 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 Business Rates (NDR)

The Council tax and business rates (NDR) 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.

The transactions contained within the Collection Fund are prescribed by legislation and we (as a billing council) 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 accounts are taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement.

1.24 Accounting Standards that have been issued but not yet adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2015/16 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2015.

IFRS 13 - Fair Value Measurement (May 2011)

International Financial Reporting Standards now have a consistent definition of fair value and all assets and liabilities shall be measured in accordance with this standard where another section of the Code requires or permits fair value measurement.

This Code has adapted IAS 16 to require that property, plant and equipment that are operational assets and are therefore providing service potential are measured under existing use value, not fair value. This standard is to be adopted prospectively and it is not anticipated to have a material impact on the financial statements.

IFRIC 21 - Levies

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by government and how to account for it.

This is not anticipated to have a material impact on the financial statements.

Annual Improvements to IFRs (2011-2013 Cycle)

Each year the IASB discusses and decides upon proposed improvements to IFRSs as they have arisen throughout the year. Annual improvements streamlines the standard setting process by allowing unrelated amendments to be published within a single exposure draft.

The issues included are:

- IFRS 1: Meaning of effective IFRSs;
- IFRS 3: Scope exceptions for joint ventures;
- IFRS 13: Scope of paragraph 52 (portfolio exception); and
- IAS 40: Clarifying the interrelationship of IFRS 3 Business Combinations and IAS40 Investment Property when classifying property as investment property or owner-occupied property.

Again, this is not anticipated to have a material impact on the financial statements.

2. Prior Period Adjustments

Group Accounts

In November 2014 the draft Swimming Bath Trust accounts were amended to remove the £1.361 m valuation of the leisure centre building following advice from professional valuers Jones, Lang LaSalle. This altered the final accounts approved by the Swimming Bath Trust at their meeting on 13th November 2014.

The adjustment to the Swimming Bath Trust accounts was made after the final audit opinion for the Council had been issued and so the asset was correctly disclosed at the date of signing. The subsequent revaluation of the asset down to nil means a prior period adjustment is needed to be disclosed within the 2014/2015 statement of accounts to reflect the adjustment made in the Trust accounts.

The Swimming Bath Trust are surrendering their interest in the lease and Tewkesbury Borough Council are accepting it for nil consideration as no surrender premium is recommended by the valuer for either party due to the fact that the swimming pool always operates with a deficit, the current site requires substantial money invested in it for repair and maintenance and a new leisure centre is being built nearby.

Following this it means that the Council's 2013/2014 group accounts need to be restated to take account of this. However since the only item added onto the single entity accounts is the leisure centre as Tewkesbury Borough Council run the leisure centre and all transactions go through the single entity accounts, the group accounts are no longer material. On that basis group accounts are no longer produced within the accounts.

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 Statement of Accounts 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 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. 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 the Council have decided not to prepare group accounts on the basis of immateriality.
- 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 £159,699. Ernst and Young suggested an initial levy rate of 15% to achieve a solvent run off and this (£23,954) was paid over in January 2014. 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 31st March 2015 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. The hearing relating to the 2005 assessment resulted in a reduction in rateable value of 40% and so we have used that basis for establishing a provision for the outstanding 2010 Virgin Media appeals.

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 has 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.

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

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

The items in the Council's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year (due to assumptions/judgements) are as follows:

Item	Uncertainties	Effect if Actual Results Differ from 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. With in-year depreciation of £938k and catch up depreciation of £270k (due to in year revaluations) a large change in valuation or useful life could increase or decrease the depreciation charge quite substantially.
Business Rates	Since the introduction of Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2014-15 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 2015. 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 2015.	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 this success rate is indicative of what will happen in future. It is likely that some appeals will be settled differently to that anticipated which could cause a large refund of previous years' rates. The provision this year is £3.8m (our share only) which is a large increase from last year (£1.1m). In order to minimise the impact of this scenario on the Council we have set aside a business rate appeal equalisation reserve of £5.43m which reflects the timing differences due to accounting regulations and when we have to fund them.
Arrears	At 31st March 2015, the Council had a balance on doubtful debts of £831,842 of which £722,211 related to a general provision. Housing benefit general provision has increased from 45% to 60% due to the level of debts increasing, pressure on those on benefits and the future introduction of Universal Credit. This along with the fact that 28 out of the 815 debts were over £5k but came to £263,943 in total means that recovery is likely to get more difficult and so a higher provision is required.	If collection rates deteriorate then our revenue reserves would be impacted but we feel that the increased provision helps mitigate this potential risk.

**4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty
(Continued)**

Item	Uncertainties	Effect if Actual Results Differ from Assumptions	
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. 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 March 2015	Approx. % increase to Employer Liability	Approx. monetary amount (£'000)
	0.5% decrease in Real Discount Rate	10%	7,405
	1 year increase in member life expectancy	3%	2,230
	0.5% increase in the Salary Increase Rate	3%	2,191
	0.5% increase in the Pension Increase Rate	7%	5,069

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. Adjustments Between Accounting Basis and Funding Basis Under Regulations (Continued)

2013/2014					2014/2015			
Usable Reserves			Movement in Unusable Reserves £'000		Usable Reserves			Movement in Unusable Reserves £'000
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 primarily involving the Collection Fund Adjustment Account				
-926			926	Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	-4,945			4,945
				Adjustments primarily involving the Available for Sale Adjustment Account				
0			0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1			-1
				Adjustments primarily involving the Accumulated Absences Account:				
1			-1	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	18			-18
-2,369	812	-17	1,574	Total Adjustments	-6,060	2,712	-8	3,356

96

7. 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 2014/2015.

	Balance as at 31/03/2013 £	Net Movement 2013/2014 £	Balance as at 31/03/2014 £	Net Movement 2014/2015 £	Balance as at 31/03/2015 £
Asset Management Reserve	189,986	360,941	550,927	-254,798	296,129
Borough Regeneration Reserve	9,570	44,166	53,736	264	54,000
Business Rates Reserve*	170,000	532,000	702,000	4,731,063	5,433,063
Business Support Reserve	62,914	-10,630	52,284	53,270	105,554
Business Transformation Reserve	162,603	96,382	258,985	80,838	339,823
Community Safety Reserve	0	6,547	6,547	-4,016	2,531
Community Support Reserve	2,955	-2,524	431	14,569	15,000
Elections Reserve	0	8,024	8,024	1,868	9,892
Flood Support and Protection Reserve	56,099	447,911	504,010	-94,780	409,230
Health & Leisure development reserve	11,551	7,243	18,794	962	19,756
Housing & Homeless Reserve	85,317	-38,385	46,932	-5,672	41,260
Interest Equalisation Reserve	0	0	0	150,000	150,000
MTFS Equalisation Reserve	0	0	0	68,178	68,178
Organisational Development Reserve	13,725	78,975	92,700	-53,832	38,868
Development Management Reserve	50,500	34,500	85,000	158,210	243,210
Development Policy Reserve	0	216,440	216,440	253,890	470,330
Risk Management Reserve	90,597	-2,305	88,292	-40,850	47,442
Transport Initiatives Reserves	0	32,200	32,200	161,600	193,800
Waste & Recycling development Reserve	120,000	8,903	128,903	-3,903	125,000
Horsford Reserve	19,025	1,280	20,305	10,157	30,462
Mayors Charity Reserve	9,049	-784	8,265	4,171	12,436
Planning Obligations Reserve**	1,763,517	213,031	1,976,548	35,302	2,011,850
Totals	2,817,408	2,033,915	4,851,323	5,266,491	10,117,814

Material Reserves

* The Business rates reserve is required due to the accounting requirements of the retained business rates legislation since the accounts reflect the position estimated prior to the start of the financial year rather than the true year end position. In 2014/2015 as a result of both the 2005 and 2010 appeals relating to Telewest/Virgin Media 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.

8. Other Operating Expenditure

2013/2014		2014/2015
£		£
1,455,858	Parish Council Precepts	1,532,813
21,673	Payments to Government Housing Capital Receipts Pool	14,467
-30,953	Gains/Losses on Capital Receipts	-1,099
-224,519	Other Income - Right to Buy Sales	-158,725
1,222,059		1,387,456

9. Financing & Investment Income & Expenditure

2013/2014		2014/2015
£		£
115,698	Finance Leasing Charges	86,857
12	Interest payable and Similar Charges	42
-220,318	Interest receivable and similar income	-185,699
12,808	Impairment of financial instruments	0
1,224,000	Net interest on the net defined benefit liability	1,216,000
0	Income and expenditure in relation to investment properties and changes in their fair value	-175,682
-138,835	Gain/loss on trading accounts (not applicable to a service)	-141,538
0	Movement on available for sale investments	-804
993,365		799,176

10. Taxation and Non Specific Grant Income and Expenditure

2013/2014		2014/2015
£		£
-4,493,406	Council Tax Income	-4,650,374
-941,332	Non-domestic rates income and expenditure	-1,062,481
-2,424,330	Revenue Support Grant	-1,872,474
-1,598,876	Other Non-Ring fenced Government Grants	-2,343,472
	Donated Asset Recognition	-92,500
-465,117	Capital Grants and Contributions	-804,354
-9,923,061		-10,825,655

11. Property, Plant and Equipment

Movements in 2014/2015

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Plant, Property & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2014	12,030	4,913	227	23	0	35	17,228
Additions	820	83	56	0	0	1,248	2,207
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-443	0	0	0	0	0	-443
Revaluation increases/(decreases) to Surplus/Deficit on Provision of Services	459	0	0	0	0	0	459
Derecognition-disposals	0	0	0	0	0	0	0
Reclassified to/from Held for Sale	0	0	0	0	0	0	0
Other movements in cost or revaluation	0	0	0	0	0	0	0
At 31 March 2015	12,866	4,996	283	23	0	1,283	19,451
Accumulated Depreciation and Impairment							
At 1 April 2014	-1,117	-3,552	-70	0	0	0	-4,739
Depreciation charge	-566	-634	-8	0	0	0	-1,208
Depreciation written out to Revaluation Reserve	1,837	0	0	0	0	0	1,837
Depreciation written out to the Surplus/Deficit on the Provision of Services	-154	0	0	0	0	0	-154
Derecognition-disposals	0	0	0	0	0	0	0
At 31 March 2015	0	-4,186	-78	0	0	0	-4,264
Net Book Value							
At 31 March 2015	12,866	810	205	23	0	1,283	15,187
At 31 March 2014	10,913	1,361	157	23	0	35	12,489

11. Property, Plant and Equipment (Continued)

Comparative Movements in 2013/2014

100

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Plant, Property & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2013	11,451	4,846	227	23	0	0	16,547
Additions	559	67	0	0	0	35	661
Revaluation increases/(decreases) recognised in the Revaluation Reserve	20	0	0	0	0	0	20
Revaluation increases/(decreases) to Surplus/Deficit on Provision of Services	0	0	0	0	0	0	0
Derecognition-disposals	0	0	0	0	0	0	0
Reclassified to/from Held for Sale	0	0	0	0	0	0	0
Other movements in cost or revaluation	0	0	0	0	0	0	0
At 31 March 2014	12,030	4,913	227	23	0	35	17,228
Accumulated Depreciation and Impairment							
At 1 April 2013	-964	-2,921	-63	0	0	0	-3,948
Depreciation charge	-264	-631	-7	0	0	0	-902
Depreciation written out to Revaluation Reserve	107	0	0	0	0	0	107
Depreciation written out to the Surplus/Deficit on the Provision of Services	4	0	0	0	0	0	4
Derecognition-disposals	0	0	0	0	0	0	0
At 31 March 2014	-1,117	-3,552	-70	0	0	0	-4,739
Net Book Value							
At 31 March 2014	10,913	1,361	157	23	0	35	12,489
At 31 March 2013	10,487	1,925	164	23	0	0	12,599

11. Property, Plant and Equipment (Continued)

Capital Commitments

At 31 March 2015, the Council had entered into a contract for the construction of a new leisure facility, with a budget of £7.5m. As at the 31 March 2015 the Council has incurred £1.28m of costs associated with this contract. The facility is due to be completed and handed over to the operator by July 2016.

Effects of Changes in Estimates

In 2014/2015, the Council made no changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

During 2014/15 financial year the Council undertook a tender exercise and appointed Wilks Head and Eve LLP as out external valuers for the next 5 years. The contract requires that all its Property, Plant and Equipment, required to be measured at fair value, is revalued annually as at the 31 March. This is a change in its methodology from previous years when a rolling programme of revaluations was used; however it is not a change in the estimation used. 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 fair value on the basis that they have short useful lives and/or low values. However a new vehicle finance lease which commenced in April 2010 was valued in accordance with the lower of the net present value of the minimum lease payments and the fair value of the vehicles.

An annual impairment review has not been required as all relevant assets have been valued as at the 31st March 2015. 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 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	4,996	306	0	5,302
Carried at cost incurred to date	0	0	0	1,283	1,283
Valued at fair value	12,866	0	0	0	12,866
Total Cost or Valuation	12,866	4,996	306	1,283	19,451

12. Heritage Assets

The Council has disclosed Heritage Assets at a carrying value of £217,929 in the Balance Sheet. This includes an addition to Heritage assets of £92,500 relating to the Council taking ownership of the Arrivall Sculptures.

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 Yorkists and the Lancastrians. 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.

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.

12. Heritage Assets (Continued)

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.

13. 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:

2013/2014		2014/2015
£		£
-141,205	Rental income from investment property	-139,206
2,370	Direct operating expenses arising from investment property	-2,331
-138,835	Net gain/(loss)	-141,537

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:

2013/2014		2014/2015
£		£
3,150,000	Balance 1 April	3,150,000
	Additions:	
0	Purchases	0
0	Construction	0
0	Subsequent expenditure	0
0	Disposals	0
0	Net gains/losses from fair value adjustments	175,682
	Transfers:	
0	to/from Inventories	0
0	to/from Property, Plant and Equipment	0
	Other changes	
3,150,000	Balance 31 March	3,325,682

14. Financial Instruments

Categories of Financial Instruments

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

	Long-Term		Current	
	31/03/2014	31/03/2015	31/03/2014	31/03/2015
	£'000	£'000	£'000	£'000
Investments				
Short Term Investments				
Loans and receivables	0	0	14,037	7,025
Cash Equivalent Investments				
Loans and receivables	0	0	6,006	5,902
Available-for-sale financial assets	0	0	0	1,501
Total investments	0	0	20,043	14,428
Debtors (less any impairments)				
Loans and receivables	59	32	0	0
Financial assets carried at contract amounts	0	0	845	5,151
Total debtors	59	32	845	5,151
Borrowings				
Financial liabilities at amortised cost	0	0	2	2
Total borrowings	0	0	2	2
Other Long Term Liabilities				
PFI and finance lease liabilities	731	383	316	348
Total other long term liabilities	731	383	316	348
Creditors				
Financial liabilities carried at contract amount	0	0	1,238	1,537
Total creditors	0	0	1,238	1,537

Income, Expense, Gains and Losses

	2013/2014			2014/2015		
	Financial Assets - Available for sale £'000	Financial Assets: Loans and receivables £'000	Total £'000	Financial Assets - Available for sale £'000	Financial Assets: Loans and receivables £'000	Total £'000
Surplus or Deficit on the Provision of Services						
Interest expense	0	0	0	0	0	0
Impairment losses/(reversal)	0	13	13	0	0	0
Total Expense	0	13	13	0	0	0
Interest income	0	-202	-202	0	-186	-186
Interest income accrued on impaired financial assets	0	-18	-18	0	0	0
Total Income	0	-220	-220	0	-186	-186
Surplus or Deficit arising on revaluation of financial assets						
Gains on revaluation	0	0	0	-1	0	-1
Total Charged to Other CIES	0	0	0	-1	0	-1
Net gain/(loss) for the year	0	-207	-207	-1	-186	-187

14. Financial Instruments (Continued)

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.

15. Short Term Debtors

The Balances outstanding at 31 March are summarised as follows:

	2013/2014 £	2014/2015 £
Central government bodies	727,415	2,495,057
Other local authorities	945,493	5,064,237
NHS bodies	8,600	1,189
Public corporations and trading funds	68,824	164,190
Other entities and individuals	2,146,602	2,152,130
Gross Debts	3,896,934	9,876,803
less Impairment Allowance	-582,551	-831,842
Total Net Debtors	3,314,383	9,044,961

16. Cash and Cash Equivalents

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

	2013/2014 £	2014/2015 £
Cash held by the Authority	216,478	262,483
Bank current accounts	94,548	67,583
Short-term deposits	5,695,298	7,402,588
Total Cash and Cash Equivalents	6,006,324	7,732,654

17. Short Term Creditors

The balances outstanding at 31 March are summarised as follows:

	2013/2014 £	2014/2015
Central government bodies	325,811	227,387
Other local authorities	551,981	595,212
Other entities and individuals	1,444,984	1,528,790
Total	2,322,776	2,351,389

18. Provisions

18.1 Short Term Provisions

	Outstanding Legal Cases £	Injury and Damage Compensation Claims £	Other Provisions £	Total £
Balance at 1st April 2014	0	30,000	327,732	357,732
Additional provisions made in 2014/2015	115,430	0	3,556,249	3,671,679
Amounts used in 2014/2015	0	20,277	284,009	304,286
Unused amounts reversed in 2014/2015	0	9,723	9,223	18,946
Balance at 31 March 2015	115,430	0	3,590,749	3,706,179

18.2 Long Term Provisions

	Outstanding Legal Cases £	Injury and Damage Compensation Claims £	Other Provisions £	Total £
Balance at 1st April 2014	30,000	0	952,419	982,419
Additional provisions made in 2014/2015	4,500	0	354,040	358,540
Amounts used in 2014/2015	0	0	905,342	905,342
Balance at 31 March 2015	34,500	0	401,117	435,617

18. Provisions (Continued)

Description of main provisions

Outstanding Legal Cases

There are several ongoing cases concerning VAT which are currently being defended by Her Majesty's Revenue and Customs through the EU. The cases concern car parking and compound 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. Fuller details of the material cases and the contingent asset associated with these are detailed in a later note.

The Council has received notification from Bevan Brittan in relation to the claims made against councils on behalf of APPS. The result of the settlement is that individual councils will have to refund Search Fees charged over a period of time. The Council has made a provision of £100,000 in line with the notification from Bevan Brittan.

Other Provisions

There is a provision of £3,804,758 at the 31 March 2015 relating to business rate appeals primarily due to appeals relating to the Virgin Media telecommunications network. This reflects the requirements of the business rate retention scheme introduced in 2013/2014.

There is a provision relating to a rent review which totals some £46,000 and also a notification of management costs which were not paid during the lease term of £93,570. These are being settled as part of the end of the lease of the Swindon road depot site on the 31/03/15. All outstanding costs are expected to be agreed and paid during 2015/2016. The liability and amount of costs have not been agreed.

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) 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.

19. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 6 and 7.

20. Unusable Reserves

20.1 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.

20.1 Revaluation Reserve (Continued)

2013/2014 £		2014/2015 £
3,357,060	Balance at 1 April	3,397,694
127,000	Upward revaluation of assets & reversal of previous impairment losses	1,393,669
-86,366	Difference between fair value depreciation and historical cost depreciation	-86,370
<u>3,397,694</u>	Balance at 31 March	<u>4,704,993</u>

20.2 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.

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

2013/2014 £		2014/2015 £
11,761,038	Balance at 1 April	11,874,007
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</i>	
-901,522	Charges for depreciation and impairment of non-current assets	-1,208,234
3,600	Revaluation losses on Property, Plant and Equipment	305,592
-41,742	Amortisation of intangible assets	-49,297
-843,708	Revenue expenditure funded from capital under statute from Capital Grants	-783,377
0	Revenue expenditure funded from capital under statute from Capital Receipts	-611,856
86,366	Adjusting amounts written out of the Revaluation Reserve	86,370
	<i>Capital financing applied in the year:</i>	
1,522,539	Use of the Capital Receipts Reserve to finance new capital expenditure	2,878,177
0	Application of grants to capital financing from the Capital Grants Unapplied Account	797,126
287,436	Statutory provision for the financing of capital investment	316,277

charged against the General Fund and HRA balances

20.2 Capital Adjustment Account (Continued)

	Movements in the market value of Investment and donated Properties debited or credited to the Comprehensive Income and Expenditure Statement	175,682
	Movements in the value of Heritage asset recognised in Balance Sheet, debited or credited to the Comprehensive Income and Expenditure Statement	92,500
	11,874,007 Balance at 31 March	13,872,967

20.3 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.

2013/2014 £		2014/2015 £
-27,514,000	Balance at 1 April	-28,707,000
-570,000	Remeasurements of the net defined benefit liability/(asset) 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	-4,841,000
-2,542,000	Employer's pensions contributions and direct payments to pensioners payable in the year	-2,444,000
1,919,000		2,147,000
-28,707,000	Balance at 31 March	-33,845,000

20.4 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.

2013/2014 £		2014/2015 £
32,219	Balance at 1 April	-893,501
-925,720	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	-4,945,019

<u>-893,501</u>	Balance at 31 March	<u>-5,838,520</u>
-----------------	----------------------------	-------------------

21. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2013/2014 £'000		2014/2015 £'000
	Specific Inflows	
-294	Interest received	-198

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

2013/2014 £'000		2014/2015 £'000
-902	Depreciation	-1,208
4	Impairment & downward valuations	482
-42	Amortisation	-49
-1,473	Increase in impairment for bad debts	-249
-618	Increase in creditors	174
27	Increase in debtors	4,677
-5	Increase in Inventories	2
-468	movement in pension liability	-297
255	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	174
325	Other non-cash items charged to the net surplus or deficit on the provision of services	-3,882
<u>-2,897</u>		<u>-176</u>

The surplus or deficit on the provision of services has been further adjusted for investing and financing activities as set out in notes 22 and 23

22. Cash Flow Statement – Investing Activities

2013/2014 £'000		2014/2015 £'000
411	Purchase of property, plant and equipment, investment property and intangible assets	2,078
28,000	Purchase of short-term and long-term investments	25,000
-270	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-90
-28,906	Proceeds from short-term and long-term investments	-32,000
<u>-765</u>	Net cash flows from investing activities	<u>-5,012</u>

23. Cash Flow Statement – Financing Activities

2013/2014 £'000		2014/2015 £'000
-598	Other receipts from financing activities	0
288	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	316
0	Other payments for financing activities	2,352
-310	Net cash flows from financing activities	2,668

24. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Executive on the basis of budget reports analysed across subjectively. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- Expenditure on some support services is budgeted for centrally and not charged to services.

Analysis Level	2014/2015			Savings / (Deficit) £
	Full Year Budget £	Profiled Q4 Budget £	Actual £	
Employees	8,930,852	8,930,852	9,142,563	-211,711
Premises	766,221	766,221	775,597	-9,376
Transport	854,160	854,160	837,322	16,838
Supplies & Services	2,136,821	2,136,821	2,127,059	9,762
Third Party Payments	1,002,687	1,002,687	1,048,352	-45,665
Benefit Payments	19,176,000	19,176,000	18,898,878	277,122
Capital Charges	984,546	984,546	951,939	32,607
Income	-24,991,632	-24,991,632	-25,160,551	168,919
Treasury management Activity	-270,735	-270,735	-239,682	-31,054
TOTAL	8,588,920	8,588,920	8,381,478	207,443

24. Amounts Reported for Resource Allocation Decisions (Continued)

Analysis Level	2013/2014			
	Full Year Budget £	Profiled Q4 Budget £	Actual £	Savings / (Deficit) £
Employees	8,848,915	8,848,915	8,893,656	-44,741
Premises	839,154	839,154	755,815	83,339
Transport	1,208,970	1,208,970	1,270,123	-61,153
Supplies & Services	2,775,314	2,775,314	2,874,550	-99,236
Benefit Payments	17,801,660	17,801,660	18,467,149	-665,489
Income	-23,632,416	-23,632,416	-24,899,758	1,267,342
TOTAL	7,841,597	7,841,597	7,361,535	480,062

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

This reconciliation shows how the figures in the subjective analysis above relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2013/2014 £'000	2014/2015 £'000
Net expenditure in the subjective Analysis	7,362	8,381
Corporate Amounts included in subjective analysis	-19	-606
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	700	1,657
Cost of Services in Comprehensive Income and Expenditure Statement	8,043	9,432

24. Amounts Reported for Resource Allocation Decisions (Continued)

Reconciliation to Subjective Analysis

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

2014/2015	Outturn Report Subjective Analysis	Corporate Amounts reported to Committee	Amounts not reported to management for decision making	Allocation of Recharges & Removal of Holding Codes	CIES Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-5,595	297	-643	914	-5,027	-18,693	-23,720
Interest and investment income	-240	330	0	-	90	-330	-240
Income from council tax	0	0	0	-	0	-4,650	-4,650
Government grants and contributions	-19,566	0	-946	-	-20,512	-5,020	-25,532
Total income	-25,401	627	-1,589	914	-25,449	-28,693	-54,142
Employee expenses	9,143	-1,216	448		8,375	0	8,375
Other service expenses	23,687	-17	1,403	428	25,501	18,504	44,005
Support Service recharges	0	0	0	-1,342	-1,342	0	-1,342
Depreciation, amortisation and impairment	952	0	1,395		2,347	0	2,347
Interest Payments	0	0	0	-	0	3	3
Precepts & Levies	0	0	0	-	0	1,533	1,533
Payments to Housing Capital Receipts Pool	0	0	0	-	0	14	14
Total expenditure	33,782	-1,233	3,246	-914	34,881	20,054	54,935
(Surplus) or deficit on the provision of services	8,381	-606	1,657	0	9,432	-8,638	793

24. Amounts Reported for Resource Allocation Decisions (Continued)

	2013/2014	Outturn Report Subjective Analysis	Corporate Amounts reported to Committee	Amounts not reported to management for decision making	Allocation of Recharges	CIES Cost of Services	Corporate Amounts	Total	
	2013/2014	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
		Fees, charges & other service income	-5,644	0	-801	-8,679	-15,124	-14,773	-29,897
		Interest and investment income	-384	384	0	0	0	-220	-220
		Income from council tax	0	0	0	0	0	-4,493	-4,493
		Government grants and contributions	-18,872	0	-568	0	-19,440	-4,023	-23,463
		Total Income	-24,900	384	-1,369	-8,679	-34,564	-23,509	-58,073
		Employee expenses	8,894	0	-418	0	8,476	0	8,476
		Other service expenses	23,368	-403	705	346	24,016	14,005	38,021
		Support Service recharges	0	0	0	8,333	8,333	0	8,333
		Depreciation, amortisation and impairment	0	0	1,782	0	1,782	13	1,795
		Interest Payments	0	0	0	0	0	0	0
		Precepts & Levies	0	0	0	0	0	1,792	1,792
		Payments to Housing Capital Receipts Pool	0	0	0	0	0	22	22
		Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	-31	-31
		Total expenditure	32,262	-403	2,069	8,679	42,607	15,801	58,408
		(Surplus) or deficit on the provision of services	7,362	-19	700	0	8,043	-7,708	335

114

25. Agency Services

The Council provides payroll services for the Tewkesbury Museum, Wheatpieces Parish Council and Tewkesbury Town Council involving the payment of around £95,000 to employees and £20,000 to Her Majesty's Revenue and Customs and £9,000 to the pension fund. The three organisations pay a management fee of some £700.

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

Legal Shared Service

The agreement which commenced on 30th November, 2009 requires that Cheltenham Borough Council reimburses this 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 in respect of the activity, which is not included in the Comprehensive Income and Expenditure Statement is as follows:

	2013/2014	2014/2015
	£	£
Employee Costs	492,718	487,611
Transport Costs	7,222	7,008
Supplies & Services	96,689	185,221
Agency & Contracted Services	3,731	4,316
Income	-147,695	-175,658
Total Amount Reimbursed	452,665	508,498

26. Members' Allowances

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

	2013/2014	2014/2015
	£	£
Allowances	324,267	325,800
Mileage & Subsistence	9,982	11,288
Other Expenses	632	816
Total Reimbursement	334,881	337,904

The above figures include a basic allowance for each member of £7,200 (2013/2014 £7,200)

27. Officers' Remuneration

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

Post Title	Note	Year	Salary, Fees and Allowances £	Bonuses £	Expenses Allowances £	Compensation for loss of Office £	Pension Contributions £	Total Remuneration £
Current Posts								
Chief Executive		2014/2015	111,239	0	0	0	16,170	127,409
		2013/2014	110,000	0	0	0	16,170	126,170
Deputy Chief Executive	1	2014/2015	84,743	0	0	0	12,275	97,018
		2013/2014	54,182	0	0	0	7,965	62,147
Borough Solicitor	2	2014/2015	78,092	0	0	0	11,297	89,389
		2013/2014	75,000	0	0	0	11,025	86,025
Section 151 Officer (Chief Financial Officer)	3	2014/2015	56,335	0	0	0	8,099	64,434
		2013/2014	46,362	0	0	0	6,790	53,152
Total		2014/2015	330,409	0	0	0	47,841	378,250
		2013/2014	285,544	0	0	0	41,950	327,494

116

Notes

1. Following a National Pay Review effective from the 1st January 2015, the salary of the Deputy Chief Executive increased from £83,008 to £84,750.

2. Following a National Pay Review effective from the 1st January 2015, the salary of the Borough Solicitor increased from £76,471 to £78,000.

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.

27. 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		2013/2014 Number of Employees Total	2014/15 Number of Employees Total
£50,000	£54,999	1	1
£55,000	£59,999		3
£65,000	£69,999		
£70,000	£74,999		
£75,000	£79,999		
£80,000	£84,999		
£85,000	£89,999		
£90,000	£94,999		
		1	4

117

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	
	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015
0 - 20,000	0	0	1	2	1	2	14,996.00	8,708.00
20,001 - 40,000	0	0	1	0	1	0	22,240.00	0
40,001 - 60,000	0	0	0	0	0	0	406.00	0
60,001 - 80,000	0	0	0	0	0	0	0	0
Total	0	0	2	2	2	2	37,642	8,708

Where provision was made for redundancies in 2012/2013 the provision and numbers of staff have been included for that year but any redundancy costs in excess of that provision have been included in 2013/2014 figures.

28. 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:

	2013/2014 £	2014/2015 £
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor.	58,995	59,895
Fees payable to Grant Thornton in respect of statutory inspection.	0	0
Fees payable to Grant Thornton for the certification of grant claims and returns.	11,528	12,700
Fees payable in respect of other services provided by Grant Thornton.	0	0
	<u>70,523</u>	<u>72,595</u>

29. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/2015:

	2013/2014 £	2014/2015 £
Credited to Taxation and Non Specific Grant Income		
Revenue Grants		
S.31 Grants & Contributions (supporting the NDR regime)	-941,332	-77,912
Revenue Support Grant	-2,424,330	-1,872,474
Homes Bonus Grant	-1,232,035	-1,870,240
Council Tax Freeze Grant	-32,151	-32,875
Small Business Relief Grant	-321,019	-362,445
Other Grants	-13,671	0
	<u>-4,964,538</u>	<u>-4,215,946</u>
Capital Grants		
Disabled Facilities Grants	-434,717	-442,446
Flood Relief Grants	0	-314,777
Other Capital Grants	-30,400	-47,131
	<u>-465,117</u>	<u>-804,354</u>
Total	<u>-5,429,655</u>	<u>-5,020,300</u>

Grants Credited to Services

Department of Communities & Local Government Grants

Local Taxation Administration Grants	-166,638	-199,303
Capability Funding Grant	0	-178,800
Flooding Relief Grants	-515,552	-93,618
Other DCLG Grants	-56,555	-79,718

29. Grant Income (Continued)

Department of Work & Pensions Grants

Housing Benefit Administration & Associated Grants	-434,808	-92,770
Housing Benefit Grant	-18,241,618	-19,003,088
Other DWP Grants	-16,185	-5,507

Cabinet Office

European Elections	0	-98,725
Other Grants	0	-26,629

Other Government Grants	-8,483	-21,960
--------------------------------	---------------	----------------

Contributions Credited to Services

Gloucestershire County Council Contributions		
Waste Incentive Contributions	-100,000	-100,000
Youth Offending	-50,000	-50,000
Other GCC contributions	-25,378	-35,000
Other Contributions from Government bodies	-38,838	-51,243
Contributions in relation to S.106 agreements	-625,201	-475,762

Total	<u>-20,279,256</u>	<u>-20,512,123</u>
--------------	---------------------------	---------------------------

Grand Total	<u>-25,708,911</u>	<u>-25,532,423</u>
--------------------	---------------------------	---------------------------

30. 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 Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 29.

Elected Borough Councillors (Members)

Members have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2014/2015 is shown in Note 26. 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.

The related parties declared by Members were:

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.

30. Related Party Transactions (Continued)

Precepts for the County and the Police Authority are shown in the Collection Fund on page 80. Parish Precepts are shown in the Comprehensive Income and Expenditure Statement on page 17.

Some Tewkesbury Borough Councillors are also members of these bodies – declarations made by Members are shown below:

	No. of Members	Payments other than precepts (Inc. VAT) £
Gloucestershire County Council	14	32,752
Parish Councils:		
Bishop's Cleeve	1	20,442
Tewkesbury Town	3	12,699

b Tewkesbury Swimming Baths Trust

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

	2013/2014 £	2014/2015 £
Deficit funding	84,653	157,962

c General Related Parties

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

Members declared the following significant related parties to the Group Manager - Finance and Asset Management:

Related Party	No. of Members	Payments 2014/2015 £
GL3 Hub	3	76,950
Cleeve Common Board of Conservators	2	25,000
Cotswold AONB	2	5,227
Brockworth Albion	2	154,618
Priors Park Solar Panels	2	9,728
Priors Park Neighbourhood Project	1	1,800
Brockworth Community Project	2	26,616
Severn Vale Housing Association	1	3,825
UBICO Ltd	1	407,980
Gloucester & District Citizen Advice Bureau	1	54,538

Officers

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 a related party has therefore been declared. No other significant related parties were declared by Senior Officers of Tewkesbury Borough Council.

30. Related Party Transactions (Continued)

Entities Controlled or Significantly Influenced by the Authority

The Council deficit funds the Swimming Bath Trust (see details above) and has the majority of votes on the Board. This means we effectively control the Trust. We do not prepare group accounts as the Operating activities are reflected in the deficit funding and the Trust does not have any significant assets or liabilities.

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

31. 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.

	2013/2014 £	2014/2015 £
Opening Capital Financing Requirement	1,334,657	1,047,220
Capital Investment		
Property Plant & Equipment	661,121	2,206,920
Intangible assets	17,710	73,150
Revenue Expenditure Funded from Capital Under Statute	<u>843,706</u>	<u>1,395,233</u>
	1,522,537	3,675,303
Sources of finance		
Capital receipts	-1,075,039	-2,878,177
Government grants and other contributions	-447,499	-797,126
Sums set aside from revenue:		
Minimum Revenue Provision	<u>-287,436</u>	<u>-316,277</u>
	-1,809,974	-3,991,580
Closing Capital Financing Requirement	<u>1,047,220</u>	<u>730,943</u>
Explanation of movements in year		
Minimum Revenue Provision - Finance lease	-287,436	-316,277
Increase/(decrease) in Capital Financing Requirement	<u>-287,436</u>	<u>-316,277</u>

32. Termination Benefits

Two redundancy agreements were made with officers during the year and related to changes in operational processes of the authority. Both were voluntary agreements between the Officer and the Council. The Council has a policy of not providing enhancements to pensions (i.e. added years). The following table gives a breakdown of the terminations provided for in the year, which is also reflected in the Staff Remuneration Note.

	No. of Staff	Redundancy	Payment in respect of Notice period	Pension Added Years	Total
	£	£	£	£	£
Officer redundancies	2	6,284	2,424	0	8,708
Total	2	6,284	2,424	0	8,708

33. Defined Benefit Pension Schemes

33.1 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.

33.2 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	2013/2014	2014/2015
	£'000	£'000
Cost of Services:		
- Current service cost	1,169	1,325
- Past service cost (including curtailments)	149	0
- gain/(loss) on settlements	0	-97
Financing and Investment Income and Expenditure		
- Net interest expense	1,224	1,216
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	2,542	2,444

33. Defined Benefit Pension Schemes (Continued)

33.2 Transactions relating to Post-employment Benefits (Continued)

Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement

- Return on plan assets (excluding the amount included in the net interest expense)	1,704	-3,996
- Actuarial gains and losses arising on changes in demographic assumptions	-1,288	0
- Actuarial gains and losses arising on changes in financial assumptions	-1,413	9,360
- Other	427	-523
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	1,972	7,285

b). Movement in Reserves Statement

	2013/2014 £'000	2014/2015 £'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	-2,542	-2,444
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers' contributions payable to scheme	-1,919	2,147

33.3 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:

	2013/2014 £'000	2014/2015 £'000
Present value of the defined benefit obligation	67,025	74,322
Fair value of plan assets	-38,318	-40,477
Net liability arising from defined benefit obligation	28,707	33,845

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

	2013/2014 £'000	2014/2015 £'000
Opening fair value of scheme assets at 1 April	34,905	38,318
Interest income	1,573	1,650
Effect of Settlements	0	-3,671
Remeasurement gain/(loss):		
- The return on plan assets, excluding the amount included in the net interest expense	1,704	3,996
- Other (if applicable)		
Contributions from employer	1,919	2,147
Contributions from employees into the scheme	327	370
Benefits paid	-2,110	-2,333
Closing fair value of scheme assets at 31 March	38,318	40,477

33. Defined Benefit Pension Schemes (Continued)

33.5 Reconciliation of Present Value of the Scheme Liabilities:

	2013/2014 £'000	2014/2015 £'000
Opening balance at 1 April	62,419	67,025
Current service cost	1,169	1,325
Effect of Settlements	0	-3,768
Interest cost	2,797	2,866
Contributions from scheme participants	327	370
Remeasurement gain/(loss):		
- Actuarial gains/losses arising from changes in demographic assumptions	1,288	0
- Actuarial gains/losses arising from changes in financial assumptions	1,413	9,360
- Other	-427	-523
Past service cost	149	0
Benefits paid	-2,110	-2,333
Closing balance at 31 March	67,025	74,322

33. Defined Benefit Pension Schemes (Continued)

33.6 Local Government Pension Scheme assets comprised:

125

Asset category	Period Ended 31 March 2014				Period Ended 31 March 2015			
	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	8,203		8,203	21%	7,441		7,441	18%
Debt Securities	5,673		5,673	15%	6,683		6,683	17%
Private Equity		128	128	0%		121	121	0%
Real Estate	1,737	533	2,270	6%	2,007	903	2,910	7%
Investment Funds and Unit Trusts	2,883	18,508	21,391	56%	3,091	19,621	22,712	56%
Derivatives	5	0	5	0%	-2	0	-2	0%
Cash and Cash Equivalents	649	0	649	2%	612	0	612	2%
Totals	19,150	19,169	38,319	100%	19,832	20,645	40,477	100%

33. Defined Benefit Pension Schemes (Continued)

33.7 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 31st March 2013. The next formal valuation will be as at 31st March 2016.

IAS19 states that the discount rate used to place a value on the liabilities should be “determined by reference to market yields at the end of the reporting period on high quality corporate bonds”. It further states that “the currency and term of the corporate bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations”. To that end it has been recommended that a single discount rate for all LGPS employers broadly equivalent to the yield available on a basket of AA rated bonds with a duration similar to that of a ‘typical’ LGPS employer.

The discount rate as at 31 March 2015 has followed the same principles to those adopted at 31 March 2014. It has changed in one main way, in relation to the approach to Corporate Bond Yield curve calculation.

The significant assumptions used by the actuary have been:

	2013/2014 £'000	2014/2015 £'000
Long-term expected rate of return on assets in the scheme:		
Equity investments	4.3%	3.2%
Bonds	4.3%	3.2%
Property	4.3%	3.2%
Cash	4.3%	3.2%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
• Men	22.5	22.5
• Women	24.6	24.6
Longevity at 65 for future pensioners:		
• Men	24.4	24.4
• Women	27.0	27.0
Rate of inflation	2.8%	2.4%
Rate of increase in salaries	4.1%	3.8%
Rate of increase in pensions	2.8%	2.4%
Rate for discounting scheme liabilities	4.3%	3.2%

33.8 Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

33.9 Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all 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.

33. Defined Benefit Pension Schemes (Continued)

33.9 Sensitivity Analysis (Continued)

Impact on the Defined Benefit Obligation in the scheme

Change in assumptions at year ended 31 March 2015	Approx. % increase to Employer Liability	Approx. monetary amount (£'000)
0.5% decrease in Real Discount Rate	10%	7,405
1 year increase in member life expectancy	3%	2,230
0.5% increase in the Salary Increase Rate	3%	2,191
0.5% increase in the Pension Increase Rate (CPI)	7%	5,069

33.10 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 2016, with a stepped monetary amount to stabilise the payments.

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

	% of payroll		Monetary amount (£'000) p.a.
Certified rates for the year ending:			
31 March 2016	14.7%	plus	1,337
31 March 2017	14.7%	plus	1,533

34. Leases

The Council as Lessee

Finance Leases

The Council acquired a vehicle fleet on 1 April 2010 under a finance lease with C P Davidson.

The assets acquired under this lease are carried as Property, Plant & Equipment in the Balance Sheet at the following amounts:

	31 March 2014 £	31 March 2015 £
Vehicles, Plant, Furniture & Equipment	878,161	585,440
	878,161	585,440

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

34. Leases (Continued)

	31 March 2014 £	31 March 2015 £
Finance lease liabilities (net present value of minimum lease payments):		
Current	316,277	348,012
Non-Current	730,943	382,931
Finance costs payable in future years	162,183	75,326
Minimum lease payments	<u>1,209,403</u>	<u>806,269</u>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/2014 £'000	31/03/2015 £'000	31/03/2014 £'000	31/03/2015 £'000
Not later than one year	403,134	403,134	316,277	348,012
Later than one year and not later than five years	806,268	403,134	730,943	382,931
Later than five years	0	0	0	0
	<u>1,209,402</u>	<u>806,268</u>	<u>1,047,220</u>	<u>730,943</u>

Operating Leases

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

Land	Land for Bishops Walk Car Park Land at Cheltenham BC's depot for a base for direct service operations
Equipment	Ricoh Photocopiers & Printers lease Danwood Photocopiers & Printers lease

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

	31 March 2014 £	31 March 2015 £
Not later than one year	74,032	47,500
Later than one year and not later than five years	151,133	190,000
Later than five years	127,500	106,875
	<u>352,665</u>	<u>344,375</u>

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.

34. Leases (Continued)

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

	2013/2014	2014/2015
	£	£
Minimum Lease Payments	75,371	97,295
	<u>75,371</u>	<u>97,295</u>

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:

The Roses Theatre
Holiday Caravan Site
Bowling Club & Green
Land for Cricket & Rugby Clubs
Golf Clubhouse & Car Parking

- For income generation purposes (e.g. two industrial units at Clevedon and office space within the Council Offices)

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

	31 March	31 March
	2014	2015
	£	£
Not later than one year	262,047	243,426
Later than one year and not later than five years	891,860	832,137
Later than five years	2,024,883	1,330,143
	<u>3,178,790</u>	<u>2,405,706</u>

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:

	2013/2014	2014/2015
	£	£
	<u>101,912</u>	<u>120,309</u>

The figures include leases starting after 31st March 2015 which were signed before the accounts were completed.

Note 35. 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 this is programmed for review during 2015/2016. 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 19th February 2015 and can be found using the following web link:

[Tewkesbury Borough Council - Agenda for Council on February 19th 2015](#)

The strategy for the previous year can be found using the link below:

[Tewkesbury Borough Council - Agenda for Council on February 27th 2014](#)

The Treasury Management policy was last approved by Council on 13th April 2010 and can be found here:

[Current Treasury Management Policy](#)

An update to the policy was taken to Council on 23 February 2012 and can be found here:

[Update to policy.](#)

Credit Risk

The transposition of two European Union (EU) directives into UK legislation will place the burden of rescuing failing EU banks disproportionately onto unsecured local authority investors. The Bank Recovery and Resolution Directive promote the interests of individual and small businesses covered by the Financial Services Compensation Scheme and similar European schemes, while the recast Deposit Guarantee Schemes Directive includes large companies into these schemes. The combined effect of these two changes, commonly known as the bail-in legislation, is to leave public authorities and financial organisations (including pension funds) as the only senior creditors likely to incur losses in a failing bank after July 2015.

Despite the continued global economic recovery leading to a general improvement in credit conditions since last year the credit risk associated with making unsecured bank deposits will increase relative to the risk of other investment options available to the Council (due to the above legislative changes). The impact of this, as well as a shrinking investment portfolio, means the Council has reduced the amount it will lend to one organisation from £3m to £2m (apart from our current account bank Barclays Bank PLC). 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 stops whereas debtors for statutory services may be dealt with more leniently. Financial checks are carried out for some customers depending on the contract values.

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:

Note 35. Nature and extent of risks arising from financial instruments (Continued)

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 an independent review of banking arrangements in 2011, the Council's current account continues to be held with Barclays PLC, which is currently above the minimum BBB+ rating in Table 2. 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 £8m.

Customers are assessed, taking into account their financial position (if the contract value is substantial), past experience and other factors. A credit checking agency is used to check substantial creditors before contracts are awarded.

The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions.

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.

Note 35. Nature and extent of risks arising from financial instruments (Continued)

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.

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.

	Amount outstanding at 31st March 2015 £'000	Historical experience of default (adj. for market conditions) %	Estimated maximum exposure to default and uncollectability at 31st March 2014 £'000	Estimated maximum exposure to default and uncollectability at 31st March 2015 £'000
Customers	656	0.31	2	2

The Council does not generally allow credit for customers such that £216k of the £656k 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 2014 £'000	31st March 2015 £'000
Less than three months	108	88
Three to six months	18	62
Six Months to one year	14	16
More than one year	66	50
TOTAL	<u><u>206</u></u>	<u><u>216</u></u>

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 underestimated 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 £7m, of which all are maturing in less than a year (and cash and cash equivalents of £8m) the Council has no significant liquidity risk.

The strategy is to ensure that funds are not lent out for too long a period which could harm liquidity. The policy is:

Principal sums invested for periods longer than 364 days	2015/16	2016/17	2017/18
Limit on principal invested beyond year end	£4m	£3m	£2m

The maturity analysis of financial liabilities is as follows:

	31st March 2014 £'000	31st March 2015 £'000
Less than one year	2	2
More than five years	0	0
TOTAL	<u><u>2</u></u>	<u><u>2</u></u>

Note 35. Nature and extent of risks arising from financial instruments (Continued)

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.

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.

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 £75k gain or loss being recognised in the Other Comprehensive Income and Expenditure for 2014-15.

Note 35. Nature and extent of risks arising from financial instruments (Continued)

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.

36. Trust Funds

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

Council acting as 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.

	2013/2014 £'000	2014/2015 £'000
Income	10	11
Expenditure	9	1

Reserve held on behalf of the Trust is carried in our balance sheet. In 2014/2015 it was £30,462 (£20,305 in 2013/2014).

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.

Council acting as 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 is owned by the Trust (the building only) and run by the Council on behalf of the Trust (under a management agreement). The Council deficit funds the Swimming Bath Trust and has the majority of votes on the Board. This means we effectively control the Trust. We do not prepare group accounts as the operating activities are reflected in the deficit funding (see related parties note 30) and the Trust does not have any significant assets or liabilities.

37. Contingent Assets

Following on from an earlier European Court judgement a VAT tribunal has ruled that local government off street parking is non-business and therefore not subject to VAT. Customs and Excise have decided to appeal this decision but the Council has submitted a claim totalling £1,298,353 which will be repaid if Customs and Excise lose its appeal.

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.

38. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Group Manager Finance & Asset Management on 24 June 2015. 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 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

THE COLLECTION FUND

Income and Expenditure Statement

2013/2014			Note	2014/2015		
£ Business rates	£ Council Tax	£ Total		£ Business rates	£ Council Tax	£ Total
Income						
0	43,746,928	43,746,928	Council Tax Receivable	0	45,061,729	45,061,729
			<i>Transfer from General Fund:</i>			
35,573,490	0	35,573,490	Business Rates Receivable	29,911,421	0	29,911,421
35,573,490	43,746,928	79,320,418	Total Income	29,911,421	45,061,729	74,973,150
Expenditure						
Precepts, Demands and Shares						
17,425,028	0	17,425,028	Payments to Central Government	17,885,015	0	17,885,015
13,940,023	4,408,085	18,348,108	Tewkesbury Borough Council	14,308,012	4,542,166	18,850,178
3,485,006	32,401,383	35,886,389	Gloucestershire County Council	3,577,003	33,028,377	36,605,380
	6,051,824	6,051,824	Gloucestershire Police Authority		6,291,595	6,291,595
124,701	0	124,701	Cost of Collection Allowance	124,101	0	124,101
34,974,758	42,861,292	77,836,050		35,894,131	43,862,138	79,756,269
Bad and Doubtful Debts:						
115,144	21,144	136,288	Write Offs	162,921	127,342	290,263
26,000	37,000	63,000	Provisions	-35,000	34,000	-1,000
2,931,936	0	2,931,936	Provision for appeals	6,580,059	0	6,580,059
3,073,080	58,144	3,131,224		6,707,980	161,342	6,869,322
Transfer of Collection Fund Surplus						
0	210,000	210,000		5	-227,370	660,000
38,047,838	43,129,436	81,177,274	Total Expenditure	42,374,741	44,683,480	87,058,221
-2,474,348	617,492	-1,856,856	Surplus/(Deficit)	-12,463,320	378,249	-12,085,071
Movement on Fund						
				5		
0	316,163	316,163	Balance at 1st April	-2,474,348	933,655	-1,540,693
-2,474,348	617,492	-1,856,856	Surplus/(Deficit)	-12,463,320	378,249	-12,085,071
-2,474,348	933,655	-1,540,693	Balance as at 31st March	-14,937,668	1,311,904	-13,625,764
Allocated to:						
-1,237,174	0	-1,237,174	Central Government	-7,468,834	0	-7,468,834
-989,739	96,239	-893,500	Tewkesbury Borough Council	-5,975,067	136,548	-5,838,519
-247,435	704,963	457,528	Gloucestershire County Council	-1,493,767	987,256	-506,511
0	132,453	132,453	Gloucestershire Police Authority	0	188,100	188,100
-2,474,348	933,655	-1,540,693		-14,937,668	1,311,904	-13,625,764

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 their area. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

The scheme allows the Council to retain a proportion of the total NDR 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).

NDR 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 1st 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 2014/2015 the tax base was £30,287.37 compared to £29,712.41 in 2013/2014.

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.

NOTES TO THE COLLECTION FUND (Continued)

The 2014/2015 base was calculated as follows:

Band	Number of Chargeable Dwellings	Multiplier	Band D Equivalents
Z	13.5	5/9	7.50
A	3,517.38	6/9	2,344.90
B	4,529.74	7/9	3,523.10
C	8,380.37	8/9	7,449.20
D	4,841.00	9/9	4,841.00
E	4,212.85	11/9	5,149.00
F	2,686.77	13/9	3,880.90
G	1,669.99	15/9	2,783.30
H	164.9269	18/9	329.90
Total Band D Equivalents			30,308.80
Collection Rate			98.50%
Chargeable Band D Equivalents			29,854.17
Armed Forces class 'O' contributions in lieu of Council Tax			433.2
Council Tax Base 2014/2015			30,287.37

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:

	2013/2014 £	2014/2015 £
Gloucestershire County Council	32,401,383	33,028,377
Police Authority	6,051,824	6,291,595
Tewkesbury Borough Council	2,952,277	3,009,353
Total for Parishes	1,455,858	1,532,813
	42,861,342	43,862,138

The Council set an average council tax level for 2014/2015 at Band D of £1,448.20, including Parish precepts, compared to £1,442.54 in 2013/2014. This is broken down as follows:

	2013/2014 £	2014/2015 £
Gloucestershire County Council	1,090.50	1,090.50
Police Authority	203.68	207.73
Tewkesbury Borough Council	148.36	149.97
	1,442.54	1,448.20

The tax level for Parish budgets ranged from nil to £79.63

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 £82,444,171 at 31st March 2015 (£84,103,696 at 31st March 2014), multiplied by a uniform rate in the pound set by Central Government. In 2014/2015 the government provided a reduced rate for businesses with small rateable values of less than £18,000 (£18,000 in 2013/2014). For 2014/2015 this was set at 47.1p (2013/2014 46.2p), with the standard rate in the pound being 48.2p (2013/2014 47.1p) 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 £	Total £
Balance at 1st April 2014	933,655	933,655
Income 2014/2015	44,900,387	44,900,387
Precepts 2014/2015	43,862,138	43,862,138
Surplus Distributed 2014/2015	660,000	660,000
Balance at 1st April 2015	1,311,904	1,311,904
Committed Distribution 2015/2016	980,000	980,000
Balances for distribution 2015/2016	<u>331,904</u>	<u>331,904</u>

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 subject to levy or safety net.

Opinion on the financial statements

We have audited the financial statements of Tewkesbury Borough Council for the year ended 31 March 2015 under the Audit Commission Act 1998. 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 2014/15.

This report is made solely to the members of Tewkesbury Borough Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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 Group Manager - Finance & Asset Management and auditor

As explained more fully in the Statement of the Group Manager – Finance and Asset Management's Responsibilities, the Group Manager – 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 2014/15, 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 also 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 Group Manager – 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 explanatory foreword 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 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

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

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with '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 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of 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 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- Securing financial resilience; and
- Challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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 had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, *Tewkesbury Borough Council* put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate

We certify that we have completed the audit of the financial statements of Tewkesbury Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Alex Walling

for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

30th September 2015

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.

Audit Commission

An independent body, whose objectives are to appoint external auditors to local authorities and help them bring about improvements in efficiency, directly through the auditing process and through the "value for money" studies which the Commission carries out.

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 authority 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 (NDR)

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.

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	30 September 2015
Subject:	Prosecution Policy for the Council Tax Reduction Scheme
Report of:	Richard Horton, Revenues and Benefits Group Manager
Corporate Lead:	Rachel North, Deputy Chief Executive
Lead Member:	Councillor D J Waters
Number of Appendices:	2

Executive Summary:

The Borough Council is no longer required to investigate and prosecute housing benefit and Council Tax benefit fraud; these functions are now being carried out by the Single Fraud Investigation Service and the Crown Prosecution Service. The Borough Council still has a responsibility to investigate Council Tax Reduction Scheme fraud (the replacement for Council Tax Benefit) and, where appropriate, to prosecute. There is a need to revisit the existing Prosecution Policy and to make appropriate changes.

Recommendation:

The Audit Committee is asked to recommend to Executive Committee the revised prosecution policy.

Reasons for Recommendation:

From 1 of May 2015 the Borough Council ceased to have responsibility for investigating Housing Benefit and Council Tax Benefit fraud as well as carry out the prosecution of any fraud offences relating to those two benefits.

This responsibility for investigating Housing Benefit and Council Tax Benefit fraud cases rests with the Single Fraud Investigation Service and any subsequent need to take out a prosecution against the person rests with the Crown Prosecution Service.

The existing Prosecution Policy needs to be reviewed and changes made to reflect the fact that the Borough Council is no longer investigating and prosecuting offenders of Housing Benefit and Council Tax benefit fraud.

Resource Implications:

Failure to investigate and prosecute council tax reduction scheme fraud would have a financial impact on the Borough Council. Money falsely claimed could be spent on other services and it is important that there is a deterrent in place to prevent the scheme from being abused.

Legal Implications:

The Borough Council has an obligation to investigate and prosecute appropriate cases where offenders have committed fraud.

Risk Management Implications:

The Borough Council employs a Fraud Investigation Officer to carry out investigations into Council Tax Reduction Scheme fraud and to attend court as a witness where prosecutions are being made against offenders. One Legal carries out prosecutions on behalf of the Council. Not having an appropriate policy in place would hamper the Council's ability to deal with offenders.

Performance Management Follow-up:

The number of and investigations and outcomes are monitored.

Environmental Implications:

None

1.0 INTRODUCTION/BACKGROUND

1.1 As of 1 May 2015, the Borough Council is no longer required to investigate and prosecute Housing Benefit and Council Tax Benefit fraud. Those responsibilities are now being carried out but the Single Fraud Investigation Service and the Crown Prosecution Service. The Borough Council still has a responsibility to investigate Council Tax Reduction Scheme fraud (the replacement for Council Tax Benefit). There is a need to revisit the existing Prosecution Policy and to make appropriate changes.

2.0 CHANGES TO THE PROSECUTION POLICY

2.1 The existing Prosecution Policy needs to be reviewed and changes made to reflect the fact that the Borough Council is no longer investigating and prosecuting offenders of Housing Benefit and Council Tax Benefit fraud but that it continues to have responsibility for investigating Council Tax Reduction Scheme offences and prosecuting offenders where it is appropriate to do so.

- 2.2** The proposed changes are as follows:
- For any reference made to Housing Benefit and Council Tax Benefit in the existing policy be removed and be replaced by Council Tax Reduction Scheme.
 - The policy includes the Council Tax Reduction Scheme offences.
 - The change in the title of the Revenues and Benefits Manager to read the Group Head of Revenues and Benefits.
 - Changes are made to the section covering administrative penalties to reflect the Council Tax reduction penalty requirements. Deleting the section on collection of the penalty. This will be done via the most appropriate method.
 - The policy includes a section on other penalties where the Borough Council can impose a penalty of £70.00. This is for cases where it is determined:
 - that fraud has not been committed, and
 - the person has either been negligent in making an incorrect statement, or
 - has no reasonable excuse in failing to notify the Borough Council of a change in circumstances.

2.3 Appendix 1 shows the existing Prosecution Policy and Appendix 2 shows the proposed changes which are highlighted.

3.0 OTHER OPTIONS CONSIDERED

3.1 None

4.0 CONSULTATION

4.1 Audit Committee review

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 None

6.0 RELEVANT GOVERNMENT POLICIES

6.1 The Government has a new policy and strategy in place for the investigation of benefit fraud which is now being carried out by the Single Fraud Investigation Service.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 Failure to investigate and prosecute Council Tax Reduction Scheme fraud would have a financial impact on the Borough Council. Money falsely claimed could be spent on other services.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 Fraudulently claiming awards of Council Tax reduction is a criminal offence

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 None

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None

Background Papers: None

Contact Officer: Richard Horton, Revenues and Benefits Group Manager
01684 272119 richard.horton@teWKesbury.gov.uk

Appendices: Appendix 1 – Existing Prosecution Policy
Appendix 2 – Proposed changes to the existing Prosecution Policy

Prosecution Policy
For Housing Benefit and Council Tax
Benefit Fraud

General Enforcement Policy

The Council supports the judicious use of its statutory enforcement, including the prosecution of offenders as an effective means of ensuring that claimants of Housing and Council Tax Benefit comply with statutory requirements.

The Borough Solicitor to the Council is appointed as the Proper Officer of the Council who is authorised to prosecute and appear on the Council's behalf in proceedings to the Magistrates' Court against claimants to Housing Benefit, Council Tax Benefit and other benefits, where there is sufficient evidence of fraudulent claims.

Decision to Prosecute

1. The Council is likely to prosecute offence in the following circumstances:-

- a. Where the alleged offence involves a flagrant breach of the law.
- b. Where the overpayment exceeds £2,000
- c. Where there is a history of similar offences
- d. Where the offender refuses to accept a penalty or caution.

2. The Evidential Test

When circumstances have been identified which may warrant a prosecution all relevant evidence and information must be considered, to enable a consistent, fair and objection decision to be made.

Before a prosecution proceeds, the officer responsible for deciding on enforcement action must be satisfied that there is relevant, admissible, substantial and reliable evidence that an offence has been committed by an identifiable person. There must be a realistic prospect of conviction; a prima facie case is not enough. Where there is insufficient evidence to prosecute other types of formal action such as the administrative penalty or cautioning are not alternatives.

If the case does not pass the evidential test it must not go ahead.

3. The Public Interest Test

The public interest must be considered in each case where there is enough evidence to provide a realistic prospect of conviction. A prosecution will only commence once the case has passed both the evidential and public interest tests. The Council must balance factors for and against prosecution carefully and fairly. The following public interest criteria may be taken into account:-

- a. The relative seriousness of the offence.
- b. The offenders' previous history, including convictions and cautions.
- c. Any mitigating circumstance surrounding the alleged offence and any explanation offered by the offender.
- d. Whether there are grounds for believing the offence is likely to be continued or repeated.

- e. Whether the court is likely to impose a very small or nominal penalty i.e. If the offender is likely to receive an absolute or conditional discharge it is not normally in the public interest to prosecute.
- f. The probable public benefit of a prosecution and the importance of the case.

4. The Decision To Prosecute

The decision to prosecute will be made subject to the Borough Solicitor being satisfied as to the evidence, and in conjunction with the Revenues & Benefits Manager who will decide whether to proceed.

Alternatives to Prosecution

The Borough Solicitor and the Revenues & Benefits Manager will consider other alternatives to prosecution which may be more appropriate or effective. Verbal or written warnings, administrative penalties or formal are all examples of alternatives to prosecution. Each case will be determined on its own facts taking into account all the relevant factors.

Informal Action

Informal action may be adopted where:-

- (a) The act or omission is not serious enough to warrant formal action.
- (b) Normally the overpayment should be less than £500.
- (c) Confidence in the offender is high.
- (d) Even where some of the above criteria are not met informal action may be more effective.

Formal Cautions

The use of formal cautions will be given consideration where informal action is not appropriate or there has been a serious breach of legislation and it would be appropriate to:-

- (a) deal quickly and simply with a less serious offence,
- (b) avoid unnecessary appearance in the Court,
- (c) reduce the chances of re-offending.

No conditions will be applied where a formal caution is administered.

A formal caution is a serious matter, it will be recorded, it will influence any decision whether or not to prosecute should there be a further offence and it may be cited in subsequent court proceedings.

Before a formal caution is given the following conditions must be met:-

- (a) There must be sufficient evidence of guilt in order to provide a realistic prospect of conviction.
- (b) The offender must admit the offence.
- (c) The offender must understand the significance of a caution and consent to such action.
- (d) A caution must be in the public interest.

The administration of any formal caution will be carried out strictly in accordance with procedures laid down by the Home Office.

Administrative Penalties

Offers of a penalty can be made where the overpayment is recoverable from a person under S75 or S76 of the Social Security Administration Act 1992.

There must be grounds to instituting criminal proceedings against the person for an offence relating to the overpayment upon which a payment is based.

Before an administrative penalty is offered the following conditions must be met:

- (a) The case is not so serious that it should be considered for prosecution at the outset.
- (b) The recoverable overpayment is not substantial. Normally the amount of overpayment should not exceed £2,000.
- (c) There is sufficient evidence to proceed with criminal proceedings against the person if they decline the penalty.
- (d) There are grounds to institute legal proceedings and the case should, in the opinion of the local authority, be suitable for recommendation of criminal proceedings.
- (e) A penalty interview must take place and the person agrees to pay the penalty.

The penalty is 30 per cent of the amount of the recoverable overpayment and is payable in addition to repayment of the overpayment and is recoverable by the same methods as those by which the overpayment is recoverable.

Prosecution Policy

For Council Tax Reduction Scheme

General Enforcement Policy

The Council supports the judicious use of its statutory enforcement, including the prosecution of offenders as an effective means of ensuring that claimants **of the council tax reduction scheme** comply with statutory requirements.

The Borough Solicitor to the Council is appointed as the Proper Officer of the Council who is authorised to prosecute and appear on the Council's behalf in proceedings to the Magistrates' Court against claimants to **council tax reduction scheme**, where there is sufficient evidence of fraudulent claims.

Decision to Prosecute

1. The Council is likely to prosecute a council tax reduction scheme offence in the following circumstances:-

- a. Where the alleged offence involves a flagrant breach of the law.
- b. Where the excess council tax reduction exceeds £2,000
- c. Where there is a history of similar offences
- d. Where the offender refuses to accept a council tax reduction scheme penalty or caution.

2. A council tax reduction scheme offence means:

- a. Making a false statement to obtain a council tax reduction
- b. Knowingly failing to give a prompt notification of a change in circumstances affecting council tax reduction.

3. The Evidential Test

When circumstances have been identified which may warrant a prosecution all relevant evidence and information must be considered, to enable a consistent, fair and objection decision to be made.

Before a prosecution proceeds, the officer responsible for deciding on enforcement action must be satisfied that there is relevant, admissible, substantial and reliable evidence that an offence has been committed by an identifiable person. There must be a realistic prospect of conviction; a prima facie case is not enough. Where there is insufficient evidence to prosecute other types of formal action such as the council tax reduction scheme penalty or cautioning are not alternatives.

If the case does not pass the evidential test it must not go ahead.

4. The Public Interest Test

The public interest must be considered in each case where there is enough evidence to provide a realistic prospect of conviction. A prosecution will only commence once the case has passed both the evidential and public interest tests. The Council must balance factors for and against prosecution carefully and fairly. The following public interest criteria may be taken into account:-

- a. The relative seriousness of the offence.
- b. The offenders' previous history, including convictions and cautions.

- c. Any mitigating circumstance surrounding the alleged offence and any explanation offered by the offender.
- d. Whether there are grounds for believing the offence is likely to be continued or repeated.
- e. Whether the court is likely to impose a very small or nominal penalty i.e. If the offender is likely to receive an absolute or conditional discharge it is not normally in the public interest to prosecute.
- f. The probable public benefit of a prosecution and the importance of the case.

5. The Decision To Prosecute

The decision to prosecute will be made subject to the Borough Solicitor being satisfied as to the evidence, and in conjunction with the Revenues & Benefits Manager who will decide whether to proceed.

Alternatives to Prosecution

The Borough Solicitor and **the Group Head of** Revenues & Benefits Manager will consider other alternatives to prosecution which may be more appropriate or effective. Verbal or written warnings, council tax reduction scheme penalties, or formal cautions are all examples of alternatives to prosecution. Each case will be determined on its own facts taking into account all the relevant factors.

Informal Action

Informal action may be adopted where:-

- (a) The act or omission is not serious enough to warrant formal action.
- (b) Normally the **excess council tax reduction** should be less than £500.
- (c) Confidence in the offender is high.
- (d) Even where some of the above criteria are not met informal action may be more effective.

Formal Cautions

The use of formal cautions will be given consideration where informal action is not appropriate or there has been a serious breach of legislation and it would be appropriate to:-

- (a) deal quickly and simply with a less serious offence,
- (b) avoid unnecessary appearance in the Court,
- (c) reduce the chances of re-offending.

No conditions will be applied where a formal caution is administered.

A formal caution is a serious matter, it will be recorded, it will influence any decision whether or not to prosecute should there be a further offence and it may be cited in subsequent court proceedings.

Before a formal caution is given the following conditions must be met:-

- (a) There must be sufficient evidence of guilt in order to provide a realistic prospect of conviction.
- (b) The offender must admit the offence.
- (c) The offender must understand the significance of a caution and consent to such action.
- (d) A caution must be in the public interest.

The administration of any formal caution will be carried out strictly in accordance with procedures laid down by the Home Office.

Council Tax Reduction Scheme Penalties

Offers of a penalty can be made where the **excess council tax reduction** is recoverable from a person under **The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 (SI 2013/501)**.

There must be grounds to instituting criminal proceedings against the person for an offence relating to the **excess council tax reduction** upon which a payment is based.

Before an administrative penalty is offered the following conditions must be met:

- (a) The case is not so serious that it should be considered for prosecution at the outset.
- (b) The recoverable **excess council tax reduction** is not substantial. **The value of the penalty will fall between the following ranges: minimum value of £100 and should not exceed £1,000.**
- (c) There is sufficient evidence to proceed with criminal proceedings against the person if they decline the penalty.
- (d) There are grounds to institute legal proceedings and the case should, in the opinion of the local authority, be suitable for recommendation of criminal proceedings.
- (e) A penalty interview must take place and the person agrees to pay the penalty.

The **council tax reduction scheme penalty is 50 per cent** of the amount of the recoverable **excess council tax reduction** and is payable in addition to repayment of the **excess council tax reduction**.

Other Penalties

The Borough Council has legal authority to impose a fixed financial penalty of £70.00 in the following circumstances:

- **Where a person is negligent in making an incorrect statement to receive an award under the council tax reduction scheme, or**
- **Where a person, without reasonable excuse, fails to notify a change in circumstances which affects their claim under the council tax reduction scheme,**
- **Where it is determined that the person has not committed a criminal offence in receiving their award under the council tax reduction scheme.**

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	30 June 2015
Subject:	Internal Audit Plan Monitoring Report
Report of:	Graeme Simpson, Corporate Services Group Manager
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor R J E Vines
Number of Appendices:	3

<p>Executive Summary:</p> <p>This is the first monitoring report of the financial year and summarises the work undertaken by and the assurance opinions given by Internal Audit for the period April – August 2015.</p>
<p>Recommendation:</p> <p>To CONSIDER the audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.</p>
<p>Reasons for Recommendation:</p> <p>The work of Internal Audit Work complies with the Public Sector Internal Audit Standards (PSIAS). These standards state that the Chief Audit Executive (CAE) must report functionally to the board. This includes reporting on Internal Audit’s activity relative to its plan.</p>

<p>Resource Implications:</p> <p>None.</p>
<p>Legal Implications:</p> <p>None.</p>
<p>Risk Management Implications:</p> <p>If the CAE does not report functionally to the board then this does not comply with the PSIAS.</p> <p>If there are delays in response to the acceptance/implementation of essential audit recommendations then this potentially increases the risk of fraud, error, inefficiency or areas of non-compliance remaining within the systems audited.</p>
<p>Performance Management Follow-up:</p> <p>All recommendations made by Internal Audit are followed up within appropriate timescales to give assurance they have been implemented. All recommendations made by Internal Audit are reported to the Audit Committee and these can be found in Appendix 3.</p>

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The 2015/16 Internal Audit Plan was approved at Audit Committee on 18 March 2015. This is the first monitoring report of the financial year and summarises the work undertaken by, and the assurance opinions given by, Internal Audit for the period April – August 2015. It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that the Chief Audit Executive (Group Manager Corporate Services) reports formally to the ‘board’ (Audit Committee).

2.0 INTERNAL AUDIT WORK FOR THE PERIOD

2.1 The work undertaken in the period is detailed in Appendix 1. This provides commentary on the activity audited, the control objectives for each activity and the audit opinion for each control objective.

2.2 A list of the audits within the 2015/16 Audit Plan and their progress to date can be found in Appendix 2.

2.3 When reporting a ‘split’ opinion can be given. This means an individual opinion can be given for different parts of the system being audited. This approach enables Internal Audit to identify to management specific areas of control that are operating or not. Assurance opinions are categorised as ‘good’, ‘satisfactory’, ‘limited’ and ‘unsatisfactory’. For the period being reported, all audit opinions have been given either a good or satisfactory level of control except for: Tree Inspections – unsatisfactory and Complaints Framework – limited.

2.4 All audit recommendations have been included within this monitoring report. This provides the Committee with an overview of the breadth of work undertaken and allows the Committee to monitor the implementation of the audit recommendations. The list of recommendations and their status can be found in Appendix 3.

Note: recommendations that have been previously reported to the Audit Committee as implemented have been removed from the template.

3.0 INTERNAL AUDIT STAFFING

3.1 The Internal Audit team consists of two full time equivalent posts. Due to maternity leave, one of the posts was being covered by a secondment arrangement. The employee within the secondment role has recently been successful in obtaining a permanent position within the Corporate Services Team. To ensure delivery of the Audit Plan a temporary resource will need to be brought in between now and the end of quarter 3.

4.0 FRAUD/CORRUPTION/THEFT/WHISTLEBLOWING

4.1 No incidents have been reported during the period.

5.0 PARTNERSHIP ARRANGEMENT WITH TEWKESBURY TOWN COUNCIL

5.1 As reported at previous Audit Committees, the Internal Audit team has been commissioned by Tewkesbury Town Council (TTC) to undertake their internal audit. The 2014/15 year end audit was concluded during the first quarter of 2015/16 and formally reported to the Town Council at its Council meeting held on 29 June 2015. An audit plan was approved and delivery of the action plan is monitored by the Finance Committee.

6.0 OTHER OPTIONS CONSIDERED

6.1 None.

7.0 CONSULTATION

7.1 All managers are consulted prior to the commencement of the audit to agree the scope and each manager has the opportunity to complete a client survey at the end of the audit.

8.0 RELEVANT COUNCIL POLICIES/STRATEGIES

8.1 Internal Audit Charter and Internal Audit Annual Plan.

9.0 RELEVANT GOVERNMENT POLICIES

9.1 None.

10.0 RESOURCE IMPLICATIONS (Human/Property)

10.1 None.

11.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

11.1 None.

12.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

12.1 Internal Audit contributes to VFM through their improvement work.

13.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

13 .1 None.

Background Papers: None

Contact Officer: Graeme Simpson, Group Manager Corporate Services
01684 272002 Graeme.simpson@tewkisbury.gov.uk

Appendices: Appendix 1 – Audit work undertaken April –August 2015
Appendix 2 – Audit Plan progress
Appendix 3 – Summary of recommendations

**List of Audits Completed as Part of the 2015-16 Audit Plan
(April 2015 – August 2015)**

Audit	Audit Objective & Opinion						
Local Government Transparency Code	<p>Control Objectives (CO):</p> <p>1. All information titles and requisite details published on the councils website agrees to the Local Transparency Code.</p> <p>Audit opinion</p> <table border="1" data-bbox="368 584 1474 1308"> <thead> <tr> <th data-bbox="368 584 443 685">CO</th> <th data-bbox="443 584 624 685">Assurance Level</th> <th data-bbox="624 584 1474 685">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="368 685 443 1308">1</td> <td data-bbox="443 685 624 1308">Satisfactory</td> <td data-bbox="624 685 1474 1308"> <p>Evidence was obtained that all relevant data titles concerning the Local Government Transparency Code (LGTC) are being published onto the Council's website. Recent guidance documents concerning the Code were issued between April and June 2015 and these data titles will need to be reviewed to ensure they are fully compliant with this guidance and in a process making sure it is easily understood by the public. In particular areas such as; Expenditure exceeding £500; Local Authority Land; and retention of documents. This has been an acknowledged action by the Finance and Asset Management Group Manager.</p> <p>In addition to the review it is also suggested documents are retained in accordance with the Code's guidance and that all information published on the transparency pages of the Council's website should also be reviewed. This is to ensure it is clear and easy to understand by members of public, for example include descriptions for data titles and contact details.</p> </td> </tr> </tbody> </table>	CO	Assurance Level	Opinion	1	Satisfactory	<p>Evidence was obtained that all relevant data titles concerning the Local Government Transparency Code (LGTC) are being published onto the Council's website. Recent guidance documents concerning the Code were issued between April and June 2015 and these data titles will need to be reviewed to ensure they are fully compliant with this guidance and in a process making sure it is easily understood by the public. In particular areas such as; Expenditure exceeding £500; Local Authority Land; and retention of documents. This has been an acknowledged action by the Finance and Asset Management Group Manager.</p> <p>In addition to the review it is also suggested documents are retained in accordance with the Code's guidance and that all information published on the transparency pages of the Council's website should also be reviewed. This is to ensure it is clear and easy to understand by members of public, for example include descriptions for data titles and contact details.</p>
CO	Assurance Level	Opinion					
1	Satisfactory	<p>Evidence was obtained that all relevant data titles concerning the Local Government Transparency Code (LGTC) are being published onto the Council's website. Recent guidance documents concerning the Code were issued between April and June 2015 and these data titles will need to be reviewed to ensure they are fully compliant with this guidance and in a process making sure it is easily understood by the public. In particular areas such as; Expenditure exceeding £500; Local Authority Land; and retention of documents. This has been an acknowledged action by the Finance and Asset Management Group Manager.</p> <p>In addition to the review it is also suggested documents are retained in accordance with the Code's guidance and that all information published on the transparency pages of the Council's website should also be reviewed. This is to ensure it is clear and easy to understand by members of public, for example include descriptions for data titles and contact details.</p>					

Complaints Framework	<p>Control Objectives (CO):</p> <p>1. To ensure that formal complaints are dealt with in accordance with the Council's complaints procedure and that complaints, which are upheld, comply to the complaints remedy policy.</p> <p>Audit Opinion:</p>	
	CO	<p>Assurance Level</p>
	1	<p>Opinion</p> <p>There is a staff awareness of the procedures for handling formal complaints and it was found that the receipt of these complaints was being logged. However, there is limited assurance concerning the entry of data within the complaints log, in that:-</p> <ul style="list-style-type: none"> - response information was not complete; - the log is not fully compliant to data protection legislation; - access to the current log does not allow complaints to be handled in a confidential manner and that live log entries can be deleted; and - the log does not record the date that an acknowledgement was sent and therefore it is not being demonstrated that they are being issued within 2 days of receipt. <p>In respect of processing complaints, it was found that responses were being provided to complainants and that appropriate remedies were being offered for upheld complaints. However, the handling of complaints does not fully comply with the Councils complaints procedure or online guidance provided to complainants as follows:-</p> <ul style="list-style-type: none"> - the majority of customer complaints were received through the Council's website (87%); most of these complaints were not handled through the formal complaint procedure as they are considered service failures. However, the online user is not aware of this when electing to make a complaint; - complaints were not being consistently processed within the prescribed time frame; - documentary evidence of responses was not being retained, particularly in relation to complaints handled by phone or through a direct meeting - responses did on occasions omit to inform the complainant of the appeals process; and - the final checklists were not being completed and this impacts on the learning from complaints.

		<p>There is no formal monitoring to ensure that complaints are processed within the prescribed timescales, although the numbers of formal complaints dealt within and outside target response times are reported to Overview and Scrutiny Committee on a six monthly basis. In respect of online complaints, no data is collected on processing times and the report to Overview and Scrutiny does not distinguish between service type complaints and those which are an expression of dissatisfaction about a Council's action. The number of online complaints reported also included service complaints relating to highways, which is a County Council activity. There is also currently no mechanism in place to report on; complaints dealt with by organisations which undertake Council activities; complaint trends and actions taken to limit future complaints.</p>						
<p>Business Rates</p>	<p>Control Objectives (CO):</p> <p>1. The reporting values within the NNDR3 return have been entered correctly from the evidence obtained to support the return</p> <p>Audit Opinion:</p> <table border="1" data-bbox="368 842 1474 1917"> <thead> <tr> <th data-bbox="368 842 443 943">CO</th> <th data-bbox="443 842 624 943">Assurance Level</th> <th data-bbox="624 842 1474 943">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="368 943 443 1917">1.</td> <td data-bbox="443 943 624 1917">Good</td> <td data-bbox="624 943 1474 1917"> <p>On an annual basis, billing authorities are required to complete a NNDR3 return. The return provides authorities with a tool by which they can calculate their certified non-domestic rating income as required by Regulation 9 of the Non-Domestic Rating Regulations 2013.</p> <p>An audit of the 2014/15 NNDR 3 return confirms:</p> <ul style="list-style-type: none"> • The return was completed and submitted within the given timeframe. • The overall net rates payable figure of £31,179,452 and other supporting values have been accurately reported on the return. • Testing of individual relief awards confirmed they had been accurately calculated and supported with documentary evidence. • A minor anomaly was identified regarding the 2012 deferral scheme which ceased at the end of 2014/15. The scheme allowed deferral of an element of 2012/13 rates to the following two years. The claiming of the deferral scheme in the 2012/13 return would have reduced the net rates payable, however, the proceeding following two years would have then seen this value increase as the outstanding rates were reclaimed. There is no impact on the return in future years. <p>A previous audit recommendation to review the discretionary rate relief policy has a December 2015 implementation date.</p> </td> </tr> </tbody> </table>		CO	Assurance Level	Opinion	1.	Good	<p>On an annual basis, billing authorities are required to complete a NNDR3 return. The return provides authorities with a tool by which they can calculate their certified non-domestic rating income as required by Regulation 9 of the Non-Domestic Rating Regulations 2013.</p> <p>An audit of the 2014/15 NNDR 3 return confirms:</p> <ul style="list-style-type: none"> • The return was completed and submitted within the given timeframe. • The overall net rates payable figure of £31,179,452 and other supporting values have been accurately reported on the return. • Testing of individual relief awards confirmed they had been accurately calculated and supported with documentary evidence. • A minor anomaly was identified regarding the 2012 deferral scheme which ceased at the end of 2014/15. The scheme allowed deferral of an element of 2012/13 rates to the following two years. The claiming of the deferral scheme in the 2012/13 return would have reduced the net rates payable, however, the proceeding following two years would have then seen this value increase as the outstanding rates were reclaimed. There is no impact on the return in future years. <p>A previous audit recommendation to review the discretionary rate relief policy has a December 2015 implementation date.</p>
CO	Assurance Level	Opinion						
1.	Good	<p>On an annual basis, billing authorities are required to complete a NNDR3 return. The return provides authorities with a tool by which they can calculate their certified non-domestic rating income as required by Regulation 9 of the Non-Domestic Rating Regulations 2013.</p> <p>An audit of the 2014/15 NNDR 3 return confirms:</p> <ul style="list-style-type: none"> • The return was completed and submitted within the given timeframe. • The overall net rates payable figure of £31,179,452 and other supporting values have been accurately reported on the return. • Testing of individual relief awards confirmed they had been accurately calculated and supported with documentary evidence. • A minor anomaly was identified regarding the 2012 deferral scheme which ceased at the end of 2014/15. The scheme allowed deferral of an element of 2012/13 rates to the following two years. The claiming of the deferral scheme in the 2012/13 return would have reduced the net rates payable, however, the proceeding following two years would have then seen this value increase as the outstanding rates were reclaimed. There is no impact on the return in future years. <p>A previous audit recommendation to review the discretionary rate relief policy has a December 2015 implementation date.</p>						

Repair and Renew grants	<p>Control Objective (CO)</p> <p>1. The grant application process should conform to Defra's Memorandum of Understanding (MOU).</p> <p>Audit Opinion</p>		
	CO	Assurance Level	Opinion
	1.	Satisfactory	<p>The Memorandum of Understanding (MoU) between the Council and Defra requires the Council's Chief Internal Auditor to give an audit opinion that invoices submitted by the Council are in compliance with grant scheme. The scheme was due to end on 31 March 2015 but during the course of the audit this was extended by Defra to 30 June 2015. Following an interim audit, which took place in March 2015, a follow-up audit was carried out in June 2015 and audit can give assurance that the main conditions of the scheme were complied with. Through testing audit can confirm the following:</p> <ul style="list-style-type: none"> • Expenditure has been correctly approved and meets the definition of eligible property and eligible expenditure as set out in Schedule 1 and 2 of the MoU. • A record has been maintained of each grant application, the measures applied for, the value and a reference number as set out in Schedule 3 of the MoU. • Pre and post inspections greater than the required sample size of 5% have been carried out in accordance with Part 11 of the MoU. <p>With regards to invoicing Defra, paragraph 2 of the MoU requires the Council to provide a schedule on the last working day of each quarter and an invoice raised with Defra within 20 working days of the last quarter. The interim audit confirmed no expenditure had been incurred in quarter 1 and in relation to quarter 2 expenditure; Defra verbally confirmed quarter 2 could be carried forward to quarter 3; with a revised submission date of 28 February. This was achieved, subject to a minor anomaly in the schedule submitted to Defra, the invoice was re-raised and monies were reimbursed to Tewkesbury Borough Council for the sum of £177k. Quarter 4 schedule and invoice, of £122k, was paid on the 3 July 2015. Due to the grant scheme coming to an end, the final invoice of £272k has been raised and sent to Defra. Assurance from the Finance Manager was obtained confirming once this payment has been received a nil balance will be achieved on the authority's accounts; this is in respect of payments being made to claimants and payments being received from Defra.</p> <p>Following the March 2015 audit, recommendations (Appendix A) were carried out to strengthen the arrangements of administering the grant application process. It was found through testing that these recommendations were found to be implemented or negated due to other measures being carried out. The findings were as follows:</p>

		<ul style="list-style-type: none"> • 4 out of 5 contractual terms and conditions between the Authority and the claimants were found to be completed. • The office use section on the grants application form were found not to be completed, however, this was negated as approval of the applications was being identified within the monitoring spreadsheet the Licensing and Registration Officer maintains. • Although there was no documented evidence obtained that a check against the Business Flood Grant scheme was carried out. The Economic Development Officer, who administers the Business Flood Grants, confirmed that this had been performed and therefore this recommendation was negated. • The Defra schedule was completed and submitted by 28 Feb 2015, this was achieved. <p>Overall grants that were reviewed, complied with the criteria of the scheme and the quarterly invoices were raised and sent to Defra within the agreed timescales, therefore overall opinion is of a satisfactory level of control with regards to conforming to the scheme.</p>						
<p>Disabled Facility Grants</p>	<p>Control Objective</p> <p>1. Conditions attached to the Disabled Facilities Capital Grant determination (2014/15) No 31/2244 have been complied with and that grants have been processed in accordance with the Housing Grants, Construction and Regeneration Act 1996</p> <p>Audit Opinion</p> <table border="1" data-bbox="368 1182 1476 1937"> <thead> <tr> <th data-bbox="368 1182 443 1283">CO</th> <th data-bbox="443 1182 625 1283">Assurance Level</th> <th data-bbox="625 1182 1476 1283">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="368 1283 443 1937">1</td> <td data-bbox="443 1283 625 1937">Satisfactory</td> <td data-bbox="625 1283 1476 1937"> <p>Conditions attached to the Disabled Facilities Capital Grant determination (2014/15) No 31/2244 have been complied with. The monitoring of grant monies is undertaken, however, the entry of payment request form data onto a spreadsheet does not add value to the organisation as this information can be obtained from new financials.</p> <p>A sample of grant applications was reviewed and it was found that these were processed in accordance with the housing renewal grant regulations. Furthermore, local land charges were being applied, where appropriate, to privately owned properties where the grants had exceeded £5000. With regard to the grant approval process, the application form does need to be amended to remove any references to Council Tax benefit. In respect of grant payments, delays occurred between works being signed off and the actual payment being issued. Delegation of the authorisation of this process together with the approval of grants should be considered in order to ensure promptness of processing.</p> </td> </tr> </tbody> </table>		CO	Assurance Level	Opinion	1	Satisfactory	<p>Conditions attached to the Disabled Facilities Capital Grant determination (2014/15) No 31/2244 have been complied with. The monitoring of grant monies is undertaken, however, the entry of payment request form data onto a spreadsheet does not add value to the organisation as this information can be obtained from new financials.</p> <p>A sample of grant applications was reviewed and it was found that these were processed in accordance with the housing renewal grant regulations. Furthermore, local land charges were being applied, where appropriate, to privately owned properties where the grants had exceeded £5000. With regard to the grant approval process, the application form does need to be amended to remove any references to Council Tax benefit. In respect of grant payments, delays occurred between works being signed off and the actual payment being issued. Delegation of the authorisation of this process together with the approval of grants should be considered in order to ensure promptness of processing.</p>
CO	Assurance Level	Opinion						
1	Satisfactory	<p>Conditions attached to the Disabled Facilities Capital Grant determination (2014/15) No 31/2244 have been complied with. The monitoring of grant monies is undertaken, however, the entry of payment request form data onto a spreadsheet does not add value to the organisation as this information can be obtained from new financials.</p> <p>A sample of grant applications was reviewed and it was found that these were processed in accordance with the housing renewal grant regulations. Furthermore, local land charges were being applied, where appropriate, to privately owned properties where the grants had exceeded £5000. With regard to the grant approval process, the application form does need to be amended to remove any references to Council Tax benefit. In respect of grant payments, delays occurred between works being signed off and the actual payment being issued. Delegation of the authorisation of this process together with the approval of grants should be considered in order to ensure promptness of processing.</p>						

Tree Inspections	<p>Control Objective</p> <p>1. Trees are being inspected and maintained in accordance with the Council’s tree safety management policy.</p> <p>Audit Opinion</p>		
	CO	Assurance Level	Opinion
	1	Unsatisfactory	<p>Manual records retained demonstrate that tree inspections have taken place in both the high and medium risk land assessment areas, however there is limited assurance as to the robustness and completeness of this inspection process as follows:-</p> <ul style="list-style-type: none"> • Not a clear audit trail from the land assessment to the inspection records (manually retained or electronically on uniform). • The manual records do not consistently retain sufficient detailed information (species, map co-ordinates) on the inspection of each tree. In respect of some of the high risk land areas sampled, detailed information was only retained on defective trees and therefore only these trees have been plotted electronically within uniform. • 31 areas of land are still awaiting investigation in respect of land ownership liability. • Tree tag reference numbers have been duplicated for different trees on the same site. • Maps used did not show position of Council land and, as a result, trees were inspected and tagged that did not belong to the Council. <p>With regards to the retention of inspection information within Uniform, this information was found to be incomplete in that next tree inspection dates had not been consistently stated. Therefore, the reporting system within Uniform could not be currently used to generate inspection notification reports for UBICO and as such defective trees are not being inspected in accordance with the policy – this is a health and safety issue.</p> <p>Verbal assurance was provided by the UBICO – Tewkesbury Grounds Maintenance Manager that works had been carried out on trees identified as requiring immediate works. However, during the audit process no documentary evidence (i.e. completed form c’s) to support this statement was provided. In addition, no processes has been established to amend records within Uniform, where immediate works undertaken have resulted in the individual tree risk changing or where a tree has been removed. It should be noted that lack of evidence to support the maintenance/monitoring of defective trees, has not only a health and safety risk but impacts on the council in defending any insurance claims which potentially could lead to higher insurance premiums being charged.</p>

Car Parks	<p>Control Objectives (CO):</p> <ol style="list-style-type: none"> 1. Income relating to car parking tickets, permits and penalty notices is collected, banked and allocated correctly to the general ledger. 2. Expenditure claimed in relation to the car parking contracts of Securityplus and APCOA is verified for accuracy prior to payment. 3. The performance of the Security Plus and APCOA contracts is actively monitored. 													
	<table border="1"> <thead> <tr> <th data-bbox="368 432 443 533">CO</th> <th data-bbox="443 432 624 533">Assurance Level</th> <th data-bbox="624 432 1476 533">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="368 533 443 1037">1</td> <td data-bbox="443 533 624 1037">Satisfactory</td> <td data-bbox="624 533 1476 1037">Car parking charges for both tickets and permits have been appropriately approved. Income is correctly banked and, in respect of ticketing income, this is reconciled to the actual audit tickets. Further consideration does need to be given to the recovery of unpaid direct debit instalments in relation to permits in order to minimise possible loss of income. Income from penalty notices is being received from APCOA and also from the bailiffs (Bristow and Sutor). This income is being allocated correctly to the general ledger. However, to confirm the accuracy of these payments a reconciliation between the penalty notice payment data held on the 'chipside' and also the 'Bristow and Sutor' database needs to be undertaken against the general ledger with any under bankings being investigated.</td> </tr> <tr> <td data-bbox="368 1037 443 1305">2</td> <td data-bbox="443 1037 624 1305">Satisfactory</td> <td data-bbox="624 1037 1476 1305">The main items of expenditure claimed in relation to the car parking contracts of Security Plus and APCOA are verified for accuracy prior to payment. With regard to APCOA, the variable minor charges relating to 'TBC other items' such as TEC and travel charges plus the supervisor chargeable hours claimed on the TBC Variable Enforcement invoice need to be checked prior to payment.</td> </tr> <tr> <td data-bbox="368 1305 443 1541">3</td> <td data-bbox="443 1305 624 1541">Good</td> <td data-bbox="624 1305 1476 1541">Checks have been established which provide assurance that the performance of the car park element of the Security Plus contract and the APCOA contract is actively being monitored. In this respect previous audit recommendations, relating to the establishment of monitoring procedures and reviewing APCOA KPI's, these have been implemented.</td> </tr> </tbody> </table>	CO	Assurance Level	Opinion	1	Satisfactory	Car parking charges for both tickets and permits have been appropriately approved. Income is correctly banked and, in respect of ticketing income, this is reconciled to the actual audit tickets. Further consideration does need to be given to the recovery of unpaid direct debit instalments in relation to permits in order to minimise possible loss of income. Income from penalty notices is being received from APCOA and also from the bailiffs (Bristow and Sutor). This income is being allocated correctly to the general ledger. However, to confirm the accuracy of these payments a reconciliation between the penalty notice payment data held on the 'chipside' and also the 'Bristow and Sutor' database needs to be undertaken against the general ledger with any under bankings being investigated.	2	Satisfactory	The main items of expenditure claimed in relation to the car parking contracts of Security Plus and APCOA are verified for accuracy prior to payment. With regard to APCOA, the variable minor charges relating to 'TBC other items' such as TEC and travel charges plus the supervisor chargeable hours claimed on the TBC Variable Enforcement invoice need to be checked prior to payment.	3	Good	Checks have been established which provide assurance that the performance of the car park element of the Security Plus contract and the APCOA contract is actively being monitored. In this respect previous audit recommendations, relating to the establishment of monitoring procedures and reviewing APCOA KPI's, these have been implemented.	
CO	Assurance Level	Opinion												
1	Satisfactory	Car parking charges for both tickets and permits have been appropriately approved. Income is correctly banked and, in respect of ticketing income, this is reconciled to the actual audit tickets. Further consideration does need to be given to the recovery of unpaid direct debit instalments in relation to permits in order to minimise possible loss of income. Income from penalty notices is being received from APCOA and also from the bailiffs (Bristow and Sutor). This income is being allocated correctly to the general ledger. However, to confirm the accuracy of these payments a reconciliation between the penalty notice payment data held on the 'chipside' and also the 'Bristow and Sutor' database needs to be undertaken against the general ledger with any under bankings being investigated.												
2	Satisfactory	The main items of expenditure claimed in relation to the car parking contracts of Security Plus and APCOA are verified for accuracy prior to payment. With regard to APCOA, the variable minor charges relating to 'TBC other items' such as TEC and travel charges plus the supervisor chargeable hours claimed on the TBC Variable Enforcement invoice need to be checked prior to payment.												
3	Good	Checks have been established which provide assurance that the performance of the car park element of the Security Plus contract and the APCOA contract is actively being monitored. In this respect previous audit recommendations, relating to the establishment of monitoring procedures and reviewing APCOA KPI's, these have been implemented.												
Corporate Improvement Work														
ICT asset inventory	<ul style="list-style-type: none"> • The audit team have helped ICT by flowcharting recommended new procedures. • A hardware asset inventory template has been produced. • Both the documented procedures and assert inventory template take into account the requirements to ensure compliance with the council's Financial Procedure Rules (FPR). • Internal Audit provided advice on the disposal of assets to ensure compliance with both the Council's FPR and contract procedure rules 													

Corporate Improvement Work	
Fraud arrangements	An assessment of the Council's overall fraud arrangements is currently being undertaken using the 'Fighting Fraud Checklist for Governance'. The outcome of this will be considered by the internal Corporate Governance Group and reported to Audit Committee in December.

The level of internal control operating within systems will be classified in accordance with the following definitions:-

LEVEL OF CONTROL	DEFINITION
<i>Good</i>	Robust framework of controls – provides substantial assurance.
<i>Satisfactory</i>	Sufficient framework of controls – provides satisfactory assurance – minimal risk. Probably no more than one or two 'Necessary' (Rank 2) recommendations.
<i>Limited</i>	Some lapses in framework of controls – provides limited assurance. A number of areas identified for improvement. A number of 'Necessary' (Rank 2) recommendations, and one or two 'Essential' (Rank 1) recommendations.
<i>Unsatisfactory</i>	Significant breakdown in framework of controls – provides unsatisfactory assurance. Unacceptable risks identified – fundamental changes required. A number of 'Essential' (Rank 1) recommendations.

Recommendations/Assurance Statement

CATEGORY		DEFINITION
1	Essential	Essential due to statutory obligation, legal requirement, Council policy or major risk of loss or damage to Council assets, information or reputation. Where possible it should be addressed as a matter of urgency.
2	Necessary	Could cause limited loss of assets or information or adverse publicity or embarrassment. Necessary for sound internal control and confidence in the system to exist and should be pursued in the short term, ideally within 6 months.

Progress of Audit Plan

Audit	Status
Annual leave/flexi/TOIL	Draft – report to Audit Committee December 2015.
Local Government Transparency Code	Final – report to Audit Committee September 2015.
Complaints framework	Final – report to Audit Committee September 2015.
Repair & Renewal Grants	Final – report to Audit Committee September 2015.
Disabled Facility Grants	Final – report to Audit Committee September 2015.
Business Rates	Final – report to Audit Committee September 2015.
Car parks	Final – report to Audit Committee September 2015.
Tree inspections	Final – report to Audit Committee September 2015.
National Fraud Initiative	In progress.
Property Services - new leisure centre	In progress.
Debtors	In progress.
Main Accounting System	
Payroll	
Housing Benefits	
Treasury Management	
Budgetary Control	
Creditors	
Cash & Bank	
ICT	
Garden Waste	

Appendix 2

Audit	Status
Ubico	
Cascades	
Elections	
Economic Development – grants	

AUDIT RECOMMENDATIONS

Key:

✓	<i>Recommendation implemented</i>
✗	<i>Recommendation not implemented</i>
—	<i>Recommendation partly implemented</i>
	<i>Follow-up not completed/ not due</i>

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref
<i>DEVELOPMENT SERVICES</i>								
177 S106	The monitoring process should give consideration to actively identifying completion of properties with the S106 module	1) Procedures to be set up for any new S106 agreements which will take into account the following actions:-- - Regular updates in respect of dwellings occupied should be recorded within the monitoring module - Regular updates on non-monetary obligations including affordable homes should be obtained and recorded within the monitoring module - To update existing S106 conditions within the S106 monitoring module and to align current S106's to the new procedures.	Development Control Manager	December 2015	N		To be followed up in Qtr1 2016/17.	1.7

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?		File ref
ENVIRONMENTAL & HOUSING SERVICES									
<p style="text-align: center;">178</p> <p>Flood Alleviation Grants</p>	<p>A robust mechanism for monitoring the flood alleviation grants should be established.</p>	<p>Actions 1, 4 and 6 previously reported as being completed.</p> <p>Outstanding actions</p> <p>2) The progress reports should be enhanced to include details of the payee (i.e. Parish Council or contractor), the use of unique references for each scheme to trace expenditure within new financials, a record of the expenditure code used, details of the net and gross amounts paid for the purposes of reclaiming VAT and a record of invoices raised to GCC to reclaim the grant monies.</p> <p>3) The progress reports should be updated on a regular basis, reconciled against the new financials system and provided to the Flood Risk Management Group.</p> <p>5) The electronic project folders set up on the drainage drive should be kept up to date with all relevant documentation.</p>	<p>Environmental Health Manager</p>	<p>End August 2014</p> <p>Revised implementation date: End June 2015</p>	<p>E</p>	<p>February 2015</p> <p>-----</p> <p>September 2015</p>	<p>Implemented</p> <p>Update September 2015:</p> <p>The Flood Risk Management Engineer was able to demonstrate that progress reports have been enhanced (action 2); monitoring of expenditure for GCCF4100 is undertaken together with reviews of expenditure against the finance system (action 3); that the electronic folders now reflect the funding stream from which the flood activity relates (action 5)</p>	<p>✓</p>	<p>2.8</p>

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref
<p style="text-align: center;">179</p> <p>Creditors</p>	<p>The arrangements for the storage of personal belongings for individuals identified as homeless should be enhanced.</p>	<ol style="list-style-type: none"> 1. An inventory of the items for which storage is being provided should be obtained for insurance purposes and to ensure that only items for which the council has a duty to protect are being stored. 2. The liability for loss or damage to such items should be established and appropriate cover and/or agreements be put in place. 3. Invoices received should be verified in respect of the number of storage containers and the dates for which storage has been provided. 4. Consideration should be given to establishing a maximum number of storage containers to be provided to any one individual based on the size of the accommodation and recharging for these storage costs. 5. Competitive quotes should be obtained in order to ensure we are continuing to obtain best value. 	<p>Housing Options Team Leader/ Group Manager Environmental & Housing Services</p>	<p>End July 2014</p> <p>Revised implementation date: End December 2015</p>	<p>N</p>	<p>April/ May 2015</p> <p>-----</p> <p>September 2015</p>	<p>A homeless audit was carried out and reported to audit committee in June 2015. A fresh procurement exercise concerning storage was required and in this connection these recommendations will be considered as part of the specification. Further updates in relation to the arrangements concerning storage will now be referenced against 2.24</p>	<p style="text-align: center;">✓</p> <p>2.11</p>

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref	
180 Tree Inspections	A database of tree inspections should be established and maintained.	<ol style="list-style-type: none"> The database should incorporate the tag numbers of all trees aswell as details obtained from forms A, B and C as appropriate. The database should be capable of providing a report of all outstanding remedial works recorded on Form B's. In the interim, a temporary schedule of trees with outstanding remedial works should be established. The database should also be capable of providing reports of inspection intervals for all trees. In the interim, a schedule of high risk trees subject to further inspection should be established. 	Group Manager Environmental & Housing Services	End March 2015	E	June 2015 --- September 2015	An audit on tree inspections reported to Audit Committee in September 2015 confirmed an unsatisfactory level of control. A new transformational approach to undertaking tree inspections is being investigated.	x	2.12
	Form A's should be reviewed and missing sections completed where necessary.	<ol style="list-style-type: none"> Officers should revisit the format of Form A and determine whether all sections currently shown are needed. Form A's for inspections completed to date should be reviewed and any relevant missing sections retrospectively completed. The risk zone information section should be completed for each tree inspection in order to ensure that any low and medium risk trees are reclassified to high risk where necessary and any work and future inspections are carried out. 	Grounds Maintenance Manager	End April 2014	N	March 15 ----- September 2015	See comments above.	x	2.13

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref
<p style="text-align: center;">181</p> <p>Food control</p>	<p>Enhancements should be made to the food business registration process.</p>	<ol style="list-style-type: none"> 1. In order to obtain authorisation from the applicant, a declaration should be added to the online registration form. 2. Registration forms should be dated upon receipt and the date of registration be recorded as the date at which the business is recorded as a food establishment within the uni-form database. 3. The requirements for registering and inspecting childminders as food business operators should be clarified and the appropriate action taken. 4. Consideration should be given to making the public register of food businesses available on the council's website. 	<p>Environmental Health Manager</p>	<p>End September 2014</p> <p>Revised date: end August 2015</p> <p>Revised date: end March 2016</p>	<p>N</p>	<p>October 2014 & January 2015 & March 2015</p> <p>-----</p> <p>September 2015</p>	<p>Recommendation: partially implemented</p> <p>Action 1: Not implemented</p> <p>As a result of the Env Health restructure, the lead food safety officer confirmed that he would consult with One Legal to confirm if the online form needs to be amended to include a declaration.</p> <p>Action 2: Implemented</p> <p>Verbal confirmation from the lead food safety officer was obtained that the date of registration is the same as the date stamp or in the case of an email the date of the email.</p> <p>Action 3: Implemented</p> <p>The Lead Food Safety Officer explained that the process for dealing with childminders is to send a questionnaire and depending on the results of this is to risk score the premises. The risk score will then determine the inspection period.</p> <p>Action 4: No further action required.</p> <p>The lead officer for food safety indicated that this is not a priority at the current time. It would possibly be considered necessary if the numbers of requests for information increased.</p>	<p style="text-align: center;">—</p> <p>2.14</p>

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref	
182	The risk evaluation programme should be subject to a periodic management review.	<ol style="list-style-type: none"> A periodic management review should be undertaken to ensure that the risk evaluation programme is applied consistently by all inspecting officers. As required by the Food Law Code of Practice, the procedure for the authorisation of officers should be documented. 	Environmental Health Manager	End August 2014 Revised date: end August 2015 ----- Revised date: end March 2016	N	October 2014 & January 2015 & March 2015 --- September 2015	Recommendation: outstanding Action 1: not implemented The new env health structure has just been implemented and the lead officer for food safety explained that he is currently establishing a plan to ensure that properties are visited in the time frame set by their risk score and as part of that process management checks will be introduced Action 2: not implemented The lead officer for food safety confirmed that this will be undertaken by the new implementation date.	✗	2.15
	The following updates should be made in relation to the authorisation of officers.	<ol style="list-style-type: none"> The Food Standards Agency should be notified of the changes to Tewkesbury Borough Council's lead officer for environmental health matters, for inclusion in the Environmental Health Directory. 	Environmental Health Manager	End August 2014 Revised date: end August 2015	N	October 2014 & January 2015 & March 2015 ---- September 2015	Yes Action 1 – implemented The lead officer for food safety verbally confirmed that this action had been implemented.	✓	2.16

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref
Garden Waste	A regular reconciliation between the garden waste database and the general ledger should be performed.	1. A reconciliation between the garden waste database and general ledger should be performed on a monthly basis and a threshold established at which any variances should be investigated.	Garden Waste & Finance Officer	End September 2014 Revised date: End August 2015	N	January 2015 & March 2015 ---- September 2015	With the transfer of services to UBICO in April 2015, the administration of charging customers is now the responsibility of Customer Services. As a result, a full audit of the garden waste functions managed by Customer Service will take place in quarter 3 of 2015-15.	2.17
183	The following actions should be undertaken in respect of the new garden waste system:	<ol style="list-style-type: none"> 1. A review of payments made in April 2014 should be undertaken for all 'cases awaiting action'. 2. Consideration should be given to incorporating a read receipt within the garden waste renewal emails in order to confirm receipt. 3. The option for customers to make a garden waste renewal payment via the 'MISC income payment' page on the councils website should be removed in order to direct all customers to the self-service portal where their details will be recorded within the garden waste database. 4. The garden waste database should be reviewed in order to identify any duplicate subscriptions which could potentially be appearing on both the collection and no collection lists. 	Garden Waste & Finance Officer/ Web & Digital Take-up Officer	End October 2014 Revised date: End August 2015	N	January 2015 & March 2015 ---- September 2015	See comments in 2.17	2.18

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref
184	In order to identify efficiencies, the following should be undertaken:	<ol style="list-style-type: none"> 1. The necessity for the current number of renewal stages should be re-assessed with a view to streamlining the renewals process and reducing the number of letters sent to customers. 2. The Garden Waste Service Handbook should be updated to reflect the new garden waste system and any amendments to the stages within the recovery procedure. 	Direct Services Manager/ Garden Waste & Finance Officer	End December 2014 Revised date – end August 2015.	N	January 2015 & March 2015 ---- September 2015	See comments in 2.17	2.19

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	-	File ref
186	Monitoring of the action plan should be undertaken.	<ol style="list-style-type: none"> 1. In order to monitor progress and ensure completion, ownership of the safeguarding children self-assessment action plan should be identified and monitored by an appropriate officer. 2. The action plan should remain fluid and be updated to include any new actions as a result of the Housing Options Team Leader leaving the authority etc. 3. Implementation dates within the action plan should be reviewed to ensure any new dates are feasible and can be achieved. 	Group Manager Environmental & Housing Services	End March 2015	E	January 15 & May 15	<p>The Housing Services Manager indicated that the action plan is under review.</p> <p>A report on Safeguarding is programmed for presentation at Audit Committee in December 2015.</p>		2.21

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref	
187	The grant application process should conform to DEFRA's MOU.	<ol style="list-style-type: none"> 1. The office use section on the grant application forms should be completed for all applications. 2. The grant application process should document a check against the Business Flood Grant scheme, to ensure monies are not duplicated for the same purpose. 3. Contractual terms and conditions between the Authority and the claimants should be completed. 4. The Defra schedule should be completed in accordance with para 3.2 a)-c) and outstanding schedules submitted by 28 Feb 2015. 	Environmental Health Manager/ Licensing and registration officer.	1-3 May 2015 4 – Feb 2015	E	June 2015	Yes. Audit undertaken June 2015 confirmed that actions have been completed in respect of 3 and 4 and actions 1 and 2 were negated as alternative actions were being carried out to control these processes.	✓	2.22
Homeless Audit 2014-15	Call off contracts for B&B properties should be established and assurance of the continuing suitability of the accommodation being provided should be obtained	Draft contracts will be issued out to establishments A check on properties to be undertaken biennially	Housing Manager	End September 2015	N				2.23

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref
	To demonstrate best value a procurement exercise in relation to storage should be undertaken	An exercise is to be carried out to consider joint procurement of this service with other councils. Issues around storage contents and charging formulas will be considered at the time. It was agreed that audit would review the contract specification prior to issue.	Housing Manager	End April 2016	N			2.24
188 Disabled Facility Grant Return 2014-15	Consideration should be given to curtailing the recording of grant details from payment request forms on a spreadsheet as this information can be obtained from new financials	Agreed	Environmental Health Manager	End December 2015	N			2.25
	Part 3 of the Application Form needs to be amended to take into account changes in legislation such as abolition of council tax benefit	Agreed	Technical Housing Officer	End December 2015	N			2.26

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref
	The process of grant approvals and payments should be reviewed in order to ensure applications are processed promptly.	Agreed 1. Delegation of the approval of grants and also payment authorisation to a senior Env Health Member 2. Uniform to be used to generate payment reports	Environmental Health Manager	End December 2015	N			2.27
REVENUES & BENEFITS								
Housing Benefits - Debtors 608	The Revenues and Benefits Write Off Policy should be amended to reflect changes in the organisational structure and the authorisation limits as set out in the Financial Procedure Rules. In addition, the proforma used to write-off debt should be enhanced to provide an explanation on how the outstanding debt arose	1. Write off policy to be updated to reflect current authorisation limits. 2. The write off of overpayments by officers should be reflected within the policy 3. The write off proforma to be enhanced to provide an explanation on how the outstanding debt arose as in accordance with the requirements of the current policy.	Operational Manager	End January 2014 Revised date: end December 2014 Further revised date: end August 2015 Further revised date: end March 2016	N	August 2014 & March 2015 --- September 2015	Recommendation: partially implemented Action 1: outstanding Action 2: outstanding Action 3: implemented The Revenues Team Leader verbally confirmed that the pro forma had been amended.	— 3.3

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref	
190	<p>Fraud procedures in relation to council tax reduction scheme need to be established and in this connection communicating the level of underpayment to the fraud investigation officer should be considered.</p>	<p>1. Council tax reduction scheme fraud policy and procedures to be developed.</p>	<p>Group Manager Revenues and Benefits</p>	<p>End September 2014 Revised implementation date End August 2015 Further revised date: end March 2016</p>	N	<p>January 2015 & March 2015 --- September 2015</p>	<p>Recommendation: partially implemented The Group Manager for Revenues and Benefits indicated that a fraud prosecution policy is being submitted to the September 2015 Audit Committee . This policy will cover the prosecution of council tax reduction cases. The policy will then be submitted to Executive Committee in early 2016. Procedures will be set up once the policy has been approved.</p>	-	3.7
	<p>In order to assist with the processing and monitoring of claims, referral sheets should be downloaded onto Information at Work upon receipt and the start and end dates of referral should reflect the actual period of investigation.</p>	<p>1. Referral sheets should be downloaded onto Information at Work upon receipt. 2. Start and end dates of referral should reflect the actual period of investigation.</p>	<p>Group Manager Revenues and Benefits/ Operational Manager</p>	<p>End June 2014 Revised implementation date End August 2015</p>	N	<p>August 2014 & March 2015 --- September 2015</p>	<p>Yes – implemented The Group Manager for Revenues and Benefits confirmed that these actions had been completed.</p>	✓	3.8
<p>Council Tax 2014-15</p>	<p>Inspection process needs to be enhanced to ensure that council tax is raised at the earliest opportunity</p>	<p>1. Investigation of the possible use of electronic devices to record inspection data whilst out in the field – this may be linked to a similar review which is to be taken place within the planning section</p>	<p>Revenues Team Leader together with Group Manager</p>	<p>End February 2016</p>	N				3.9

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref	
191	A regular review process to be established in relation to severe mental impairment	<ol style="list-style-type: none"> 1. A disregard review programme plan is to be established that will identify disregards including severe mental impairment for which periodic reviews will be carried out. 2. A severe mental impairment disregard and exemption review will be carried out. 	Revenues Team Leader	End September 2015 Revised date: End October 2015	N	September 2015	Partially implemented Action 1- outstanding. The Revenues Team Leader confirmed that a plan would be set up by end October 2015, which would show when disregard reviews would take place in future. Action 2 – implemented The Revenues Team Leader demonstrated that a review on severe mental impairment was nearing completion. Information requests had been issued and responses returned. The RTL was now checking that responses for all accounts had been received.	—	3.10
NNDR	The Council's discretionary policy should give consideration to the changes introduced by the Localism Act 2011 in which discretionary relief can be given to any ratepayer.	A review of the discretionary policy in terms of the localism act 2011 will need to consider how business rate discretion could possibly support social economic activities.	Revenues and Benefits Group Manager with Development Services Group Manager	End December 2015 Revised date: End March 2016	N	September 2015	Partially implemented The Group Manager for Revenues and Benefits verbally confirmed that the review of the discretionary policy had been initiated. Amendments had been made and the policy was currently with the Deputy CEO to consider. However, further work was required in respect of the Localism Action 2011.	—	3.11

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref
	<p>The Business Rates recovery processes included in the Revenues and Benefits review, should give consideration to validation of a company's standing, the requesting for leases and checking their validity</p>	<p>Outstanding action to recommendation: Recovery of debt in respect of Heybridge and Galeta. Visit and letters left in respect of the cases. Request to write off current debt to be reported to Executive Committee (possibly 15 July 2015).</p>	<p>Revenues and Benefits Manager and Revenues Team Leader.</p>	<p>End July 2015 Revised date: End March 2016</p>	<p>N</p>	<p>September 2015</p>	<p>Recommendation outstanding The Group Manager of Revenues and Benefits verbally confirmed that the position regarding the outstanding debt had not altered and a write off request is still to be placed through the Executive Committee although, due to other work commitments, this will not take place until early in 2016.</p>	<p style="text-align: center;">✘</p> <p>3.12</p>
<p>Benefits Audit 2014-15 192</p>	<p>To support the benefit application process in respect of foreign nationals evidence of the Tier 1 and Tier 2 assessment and associated decision made by the benefits assessor should be retained.</p>	<p>Agreed</p>	<p>Team Leader Benefits</p>	<p>End December 2015</p>	<p>N</p>			<p>3.13</p>

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref
193	<p>The checking of benefit claims should give consideration to the following:-</p> <p>The checks undertaken by the Benefits Team Leader should be dated.</p> <p>The checking regime will be documented</p> <p>Consideration should be given to staff resilience to ensure that checking is undertaken on a consistent basis</p>	Agreed	Team Leader Benefits in conjunction with Group Manager Revenues and Benefits	End March 2016	N			3.14

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref
Playgrounds follow-up	Prior to the transfer of a playground to TBC, documentary information confirming the playground conforms to EU standards and is in good condition should be obtained.	1. A playground history/maintenance file should be initiated on establishment of S106 agreement and updated on an ongoing basis following transfer:	Asset Manager	Agreed to follow up following the completed transfer of a new playground into the council's ownership. Revised implementation date: End October 2015	E	February 2015 ---- September 2015	Due to take on a new playground at Cold Pool Lane in the next 3- 4 months. (Comment March 15: The Asset Manager has indicated that this transfer should take place September 2015). --- Update September 2015 Transfer of play facility has not yet been completed. It is anticipated to take place in October 2015 at which point the maintenance file will be established.	4.5
Parks 195	Formal procedures for the monitoring of the contractor's performance under the contract should be developed and documented.	1. The procedures should include the following: <ul style="list-style-type: none"> • The monitoring activities to be undertaken by the Parking Officer. • The day to day monitoring of performance of CEO's on the ground. • Achievement. • Reporting and verification of KPI's. • Monitoring of machine income and enforcement income. 	Asset Manager	End June 2014 Revised implementation date: End March 2015 Revised implementation date: End December 2015	N	August 2014 & January 2015 & May 2015 ----- September 2015	Yes – implemented At part of the car parking audit 2015-16, the car parking officer demonstrated the daily monitoring activities together with performance reviews undertaken in respect of the APCOA contract.	✓ 4.7

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref	
197	<p>The disposal of commercial waste by TBC on behalf of tenants should be incorporated within the lease and the appropriate debt raised against the tenants.</p>	<p>1. To review the collection and disposal of tenanted waste and to ensure consideration has been given to legal compliance and to the reimbursement of costs associated with this service by the tenants.</p>	<p>Asset Manager</p>	<p>End November 2014 Revised implementation date: End April 2015 Revised implementation date: End August 2015 Further revised implementation date: End December 2015</p>	<p>N</p>	<p>January 2015 & March 2015 & May 2015 ---- September 2015</p>	<p>Recommendation: outstanding Update May 2015: Discussions have taken place with the Environment Agency in respect of treating the waste from whole of TBC site (including tenants) as one commercial waste entity. This approach, however, does need further legal clarification. Update September 2015: The Asset Manager indicated that there has been recent legislative changes in relation to the control of waste and he is in dialogue with the Environment Agency. Recommendation therefore outstanding as of September 2015.</p>	<p>X</p>	<p>4.11</p>
	<p>Property inspections should be carried out when a lease is initiated and then at least on an annual basis</p>	<p>1. Agreed</p>	<p>Asset Manager</p>	<p>End November 2014 Revised implementation date: End April 2015 Revised implementation date: End March 2016.</p>	<p>N</p>	<p>January 2015 & March 2015 & May 2015 ---- September 2015</p>	<p>Recommendation: outstanding Update September 2015: The AM confirmed that formal inspections of high rent tenants is due to start this month.</p>	<p>X</p>	<p>4.12</p>

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref
<p>Local Transparency Agenda Audit-2015/16</p> <p style="text-align: center;">199</p>	<p>Ensure that documents published are in accordance and retained to guarantee it is compliant with the Local Transparency Code requirements.</p>	<p>Within reason ensure:</p> <ol style="list-style-type: none"> 1. Expenditure exceeding £500 complies with annex A of the Local Transparency Code 2015, February 2015. 2. Ensure Government Procurement Card Transactions document complies with the Transparency Code 2015, February 2015. 3. Areas such as supplier details, type of invitation & dates (end & review dates) within the Contract Register need to be fully completed and not left blank. 4. Local Authority Land document needs to comply with the latest Local transparency guidance (publishing land and social housing asset and parking information), version 1.4, dated 5 June 2015 5. Officers within the 'Organisation chart' need to be updated with the recent organisational changes. 6. Ensure the PDF version of the Senior Salaries document for March 2015 is consistent with the March 2015 Excel and CSV (Comma Separated Values) documents. 	<p>Finance Manager</p> <p>Finance Manager</p> <p>Group Managers/ Department Managers</p> <p>Asset Manager</p> <p>Finance Manager</p> <p>Finance Manager</p>	<p>September 2015</p> <p>December 2015</p> <p>December 2015</p> <p>October 2015</p> <p>September 2015</p> <p>September 2015</p>	<p>N</p>			<p>4.19</p>

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?		File ref
200		7. It is suggested all documents published relating to Transparency are retained, in accordance with data retention section of the Local transparency guidance-publishing data, version 1.3 dated 5 June 2015.	Finance Manager	December 2015					
	Ensure the Councils Transparency website pages are clear and easy to understand for the benefit of members of public.	1. Improvements to the individual titles webpages within the Councils website to include an explanation of what the document contains along with any contact details of the relevant officer responsible for uploading the data. 2. Within the 'Transparency page' 'write up' section on the website needs to be updated to reflect the new 2015 code & the new Lead Member for Finance & Asset Management	Finance Manager	End September 2015	N				4.20
Car Parks 2015-16	A reconciliation between the payments recorded on the 'chipside' and also 'Bristow and Sutor' databases against the general ledger should be undertaken on a regular basis.	Agreed Monthly checks will take place with Financial Services.	Car Parks Officer	End December 2015	N				4.21

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref
201	Recovery processes need to be established which provide assurance that prompt action is taken where direct debit payments relating to parking permits have failed	Agreed	Car Parks Officer	End March 2016	N			4.22
	All variable charges within the APCOA contract need to be verified prior to payment and the invoice calculations checked	<p>Agreed</p> <p>In respect of the TBC variable enforcement monthly invoices the ratio calculation concerning supervisory hours to be reperformed.</p> <p>In respect of TBC other items monthly invoice the chargeable unit for TEC and travel to be verified.</p>	Car Parks Officer	End December 2015	N			4.23
CORPORATE SERVICES								
Human Resources	That a staff check between current staff within the key areas i.e. cascades, housing and sports development and the DBS spreadsheet is undertaken on a yearly basis.	1. DBS spreadsheet amended to show that check will be carried out yearly from 1/4/15.	Human Resources Manager/Human resources assistant	End April 2015	N	July 2015	<p>Yes. Implemented</p> <p>Email from Assistant HR Advisor confirming that this action was completed June 2015.</p>	<div style="background-color: #90EE90; text-align: center; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center;">✓</div> <p>5.3</p>

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref	
202	To demonstrate compliance to the procurement strategy, the pre-procurement checklist should be completed in respect of high value procurement contracts and include suitable reference to 'social value'	<ol style="list-style-type: none"> 1. Pre-procurement checklist to be amended to include additional aspects of the strategy i.e. 'Management of Risk'; 'Sustainability', 'Environmental responsibility' and 'Health and Safety' 2. Procurement Group to include this recommendation as part of the action plan of the group and give consideration to this recommendation within future procurement training and dissemination of procurement information to staff. 	<p>Principal Solicitor (Commercial)</p> <p>Group Manager of Financial Services and Asset Management - as Chair of Procurement Group</p>	<p>End June 2014</p> <p>Revised implemented date: end December 2015</p>	N	<p>August 2014 & March 2015</p>	<p>Action 1 - implemented</p> <p>In respect of action point 1, the procurement checklist has been amended.</p> <p>Action 2 – contract procedure rules currently being redrafted to align to new procurement legislation. These procedure rules will need to be agreed by committee after which there will be staff training.</p> <p>Update May 2015: Social Value is an agenda item for the Procurement Working Group Meeting on 15 June 2015.</p>	—	5.10
	To comply with the Procurement Strategy, a formalised approach to the Community Right to Challenge needs to be established.	<ol style="list-style-type: none"> 1. To be reviewed through the G8 group with CLT 	Policy and Performance Manager	<p>End July 2014</p> <p>Revised implementation date: End June 2015</p> <p>Revised implementation date: End December 2015</p>	N	<p>August 2014 & May 2015</p>	<p>Extended deadline reflects that there have been no receipted community right to challenge bids.</p>	X	5.11

Appendix 3

Audit	Recommendation	Action to be taken	Officer responsible	Implementation date	Priority	Date followed up	Implemented?	File ref
ICT Asset Inventory	Implement a robust and accurate asset inventory supported with documented procedures.	To include (but not a definitive list); Purchase orders to be recorded, separation of duties in the acquisition and disposal process, physical check of equipment, escalation process for exceptions, disposal procedures, user responsibility, asset register structure, ensuring prior to roll out the register is accurate from the outset.	ICT Operations Manager	September 2015	E			5.12
Risk Management 203	Refresher training should be provided for staff and members who have an involvement with the risk management framework.	1. Arrange training for staff and members who have an involvement in the risk management framework.	Group Manager – Policy and Performance	December 2015	N			5.13

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	30 September 2015
Subject:	ICT – Asset Inventory Audit
Report of:	Graeme Simpson, Corporate Services Group Manager
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor M Dean
Number of Appendices:	Two

Executive Summary:

As part of the 2014/15 annual Internal Audit Plan an ICT audit was undertaken and specifically looked at how well ICT assets are controlled and recorded within the asset register. The audit concluded there was an unsatisfactory level of control. The main reason for this conclusion was the asset register was not fit for purpose and there were no documented procedures. The audit opinion was reported to Audit Committee on 24 June 2015. During discussion it was requested a progress report be brought to the next Committee on how the control issues identified by Internal Audit were being resolved.

Recommendation:

The Audit Committee is asked to CONSIDER the progress which has been made in implementing the internal audit recommendations to improve the control over ICT assets.

Reasons for Recommendation:

Where Internal Audit conclude there is either a 'limited' or 'unsatisfactory' level of control then it is practice for the service area given that opinion to take ownership of the recommendations and bring a progress report back to the next Committee.

Resource Implications:

None directly related to the report.

Legal Implications:

None directly related to the report.

Risk Management Implications:

If Internal Audit recommendations are not implemented then there is a risk that one or more of the following will not be adequately mitigated:

- achievement of plans and objectives;
- compliance with rules of procedure, legislation etc.;
- reliability and integrity of information;
- economy, efficiency and effectiveness of systems; and
- safeguard and security of assets.

Performance Management Follow-up:

All Internal Audit recommendations are reported to Audit Committee.

Environmental Implications:

None directly relating to this report.

1.0 INTRODUCTION/BACKGROUND

1.1 As part of the 2014/15 annual internal audit plan an ICT audit was undertaken and specifically looked at how well ICT assets are controlled and recorded within the asset register. The audit concluded there was an unsatisfactory level of control. The main reason for this conclusion was the asset register was not fit for purpose and there were no documented procedures. The audit opinion was reported to Audit Committee on 24 June 2015. During discussion it was requested a progress report be brought to the next committee on how the control issues identified by internal audit were being resolved.

2.0 ICT - ASSET INVENTORY AUDIT

2.1 The report and audit recommendations can be found in Appendices 1 and 2. Progress against the agreed audit actions is as follows:

Since the review ICT have worked with audit to produce a new set of procedures, flow diagrams and asset management spreadsheet.

New draft procedures are now in place in ICT and a new Asset management sheet has started to be used. The new Asset sheet now allows improved cross referencing of assets from purchase date to disposal date

2.1.1 - POs are now against each individual item on the asset register along with purchase dates.

2.1.2 - Disposal is now checked with finance before collection is arranged. Disposal is arranged by the helpdesk and signed off by the ICT Operations manager.

2.1.3 - Annual reviews of all assets will now take place. Users/departments that have signed out an asset will be asked to prove the location and condition of the asset

2.1.4 - The asset register will have a check date, this will be updated when the checks are completed. Escalation process for missing items, incorrect items needs finalising.

2.1.5 - Checks are run before equipment is disposed of to make sure that the recycling company is WEEE Accredited, ISO9001, 14001 and 27001. Any hard drives that are disposed of must have a certificate of their destruction. A review of the procurement of the disposal contract will be undertaken.

2.1.6 - 2.1.7- Mobile assets (laptops, phones etc.) will now need to be signed in and out of ICT by the department/user that requires it. The ownership and responsibility of that asset will then belong to the department/user that signs the asset out. All users who currently have a mobile asset will be asked to complete and sign one of these forms.

2.1.8 - Assets are recorded against service, individual and PO number.

2.1.9 - A full asset check has been completed to make sure everything on the new asset sheet is accounted for

3.0 OTHER OPTIONS CONSIDERED

3.1 None considered.

4.0 CONSULTATION

4.1 None undertaken.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 None.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None other than resource time to confirm existence of assets.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 To ensure the safeguard of Council assets.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 Audit Committee 24 June 2015 – original internal audit opinion.

Background Papers: None

Contact Officer: Matt Reeve ICT Manager
01684 272072 Matthew.Reeve@teWKesbury.gov.uk

Appendices: Appendix 1 – Audit Objective and Opinion
Appendix 2 - Audit recommendations

Introduction:

The purpose of this audit was to establish if the Council adequately records and controls the issue and disposal of ICT hardware. This was done by examining the management of the physical components of computers and computer networks from the time they are purchased through to their secure disposal. The review included an examination of the appropriateness of insurance arrangements.

Control Objectives:

1. To ascertain if the Council adequately records, insures and controls the issue and disposal of ICT hardware.

Audit opinion

CO	Assurance Level	Opinion
1	Unsatisfactory	<p>The ICT department maintain an asset register for the purpose of assisting with the management of items of ICT hardware. The review of this register has concluded it is not fit for purpose and procedures to support the recording and control of acquisitions and disposals need significant improvement. Currently, there are no documented procedures to manage the process from when an item of computer equipment is purchased through to when it is disposed of.</p> <p>Specific areas for improvement include;</p> <ul style="list-style-type: none"> • Documenting the acquisition and disposal system so procedures are applied consistently. • Ensure there is adequate separation of duties within the process. • The ability to track a piece of equipment from when it is purchased and received in ICT to when it is transferred and used by service areas – there are a number of items located in the register deemed to be 'lost'. This is particularly important for mobile devices. • The introduction of regular checks to verify the hardware is still held. • Reviewing how the disposal supplier has been procured to ensure best value is being achieved. • Using the asset register to inform insurance requirements. <p>The limitations of the current system are recognised and ICT Services have commenced the implementation of an improved version of the register. The audit recommendations can therefore be included as part of this process and will complement the work that has already started.</p>

Appendix 2

Rec No	Risk (of non-implementation)	Recommendation	Action to be taken	Officer Responsible	Implementation Date	Priority
1	Failure to adequately protect council equipment	Implement a robust and accurate asset inventory supported with documented procedures.	<p>Procedures and new register should include (but not a definitive list)</p> <ol style="list-style-type: none">1) Purchase orders to be recorded on the register.2) At least 2 officers involved in the acquisition and disposal process.3) Frequency with which checks should occur and determine who should undertake the checks.4) Document checks and what the escalation process is for exceptions identified.	ICT Manager	September 2015	E

Rec No	Risk (of non-implementation)	Recommendation	Action to be taken	Officer Responsible	Implementation Date	Priority
			<p>5) Documented disposal procedures including review of contractor. Disposal schedule reference to be annotated on register.</p> <p>6) Define responsibility of users</p> <p>7) Procedures for tracking equipment between ICT and individual services.</p> <p>8) Assets to be recorded in a logical manner e.g. by service</p> <p>9) Prior to roll out the register must be checked to ensure it is accurate from the outset</p>			

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	30 September 2015
Subject:	Corporate Risk Register
Report of:	Graeme Simpson, Corporate Services Group Manager
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor R J E Vines
Number of Appendices:	1

<p>Executive Summary:</p> <p>The Corporate Risk Register was re-introduced in 2014 and was originally reported through the performance management framework which is reviewed by Overview and Scrutiny Committee. The Audit Committee has within its Terms of Reference the responsibility to monitor the effective development and operation of risk management, hence why the register is now presented to the Audit Committee.</p>
<p>Recommendation:</p> <p>To CONSIDER the risk register and the risks contained within it.</p>
<p>Reasons for Recommendation:</p> <p>Risk management is an important part of the Council's assurance framework. The risk register is a mechanism to demonstrate that key corporate risks are recognised and managed. The Audit Committee has within its terms of reference the responsibility to monitor the effective development and operation of risk management.</p>

<p>Resource Implications:</p> <p>None.</p>
<p>Legal Implications:</p> <p>None.</p>
<p>Risk Management Implications:</p> <p>If a sound risk management framework is in place then this will help deliver the Council's priorities and key projects.</p>
<p>Performance Management Follow-up:</p> <p>The register will be a 'live' document and updates will be provided to the Audit Committee at each of their meetings.</p>

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The Corporate Risk Register was originally reported through the performance management framework which is reviewed by Overview and Scrutiny Committee. The Audit Committee has within its Terms of Reference the responsibility to monitor the effective development and operation of risk management, hence why the register is now presented to the Audit Committee.

2.0 CORPORATE RISK REGISTER

2.1 The risk register was re-introduced in 2014 and reported to Overview and Scrutiny Committee on 9 September 2014. The register was first reported to Audit Committee on 10 December 2014. The Corporate Governance Group oversees the Council's overall risk management arrangements. The register is a corporate document and has been endorsed by the Corporate Leadership Team. The register can be found in Appendix 1.

2.2 The register is a live document and as such, risk descriptions may change in time, new risks emerge and current risks mitigated. Any changes to the register will be notified to the Audit Committee, a report will be brought to each Committee. Changes to the register since the last update are shown in bold.

2.3 Corporate related risks are formally discussed at monthly management team meetings with operational related risks forming part of normal business dialogue within service areas. The risk register is a high level summary document, risks relating to project type activities such as the Joint Core Strategy and new leisure centre are supported by more detailed project risk registers.

2.4 The risk management framework, including the risk management strategy and risk register, is programmed for review during the course of 2015/16. This will be supported with training for relevant Officers and Members.

3.0 OTHER OPTIONS CONSIDERED

3.1 None

4.0 CONSULTATION

4.1 None

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Risk Management Strategy

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None unless there are any specific risks identified.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None unless there are any specific risks identified.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 Risk management will help deliver the priorities of the Council.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None

Contact Officer: Graeme Simpson, Group Manager Corporate Services
01684 272002 Graeme.simpson@teWKesbury.gov.uk

Appendices: Appendix 1 – Corporate Risk Register

CORPORATE RISK REGISTER

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Financial sustainability: If, in light of further cuts in government funding, a shortfall in planned income or significant increases in operating costs then this will impact upon the quality and level of service delivery and the ability to influence and address community issues.</p>	<p>Corporate Leadership Team Group Manager – Finance & Asset Management</p>	<p>MTFS, Savings Programme, Budget Working Group, Business Transformation strategy.</p>	<p>Delivery of savings programme and Transform Programme (March 2016), strategic service review programme (March 2016) – Revenues & Benefits review complete, Customer Services review complete, development and Environmental Health review in progress, HR review to commence, Procurement Action Plan (March 2016)</p>
<p>Business Transformation: If projects within the Business Transformation Programme are not properly scoped then there is the potential the programme will not realise the required financial savings and deliver the necessary transformational outcomes.</p>	<p>Group Manager – Corporate Services</p>	<p>Business Transformation Strategy, Transform Working Group, savings programme, project management framework, Customer Access Model.</p>	<p>Scope individual projects - review project management arrangements (July 2015) – project management framework now under review new implementation date November 2015.</p> <p>Strategic service review programme (March 2016).</p> <p>Develop channel shift strategy (March 2016)</p>

CORPORATE RISK REGISTER

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Leadership capability: If Managers and Members do not work together effectively to proactively drive and take decisions that are needed in a difficult environment then it will impact upon building a more resilient Council and balancing a difficult budget.</p>	<p>Chief Executive</p>	<p>Member and Officer Protocol. Portfolio briefings. Political structure.</p>	<p>Leadership development training. (March 2016)</p>
<p>Collaboration: If the Council does not effectively collaborate with its strategic partners then this could lead to a reduction in services or failure to address social issues which cannot be addressed in isolation.</p>	<p>Deputy Chief Executive</p>	<p>Leadership Gloucestershire Local Strategic Partnership (Public Service Centre Partners) GCC relationship Town and Parish Council relationship</p>	<p>Delivery of Transformation Programme (March 2016) Financial Inclusion (March 2016)</p>

CORPORATE RISK REGISTER

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Economic growth: If there is inadequate engagement with the business community, particularly at a strategic level, then the potential to deliver sustainable economic growth for the Borough may not be fulfilled to its maximum potential.</p>	<p>Group Manager – Development</p>	<p>Strategic Economic Plan, partnership working with LEP, Tewkesbury Town Centre Masterplan, Economic Development and Tourism Strategy, new Car Parking Strategy.</p>	<p>Delivery of SEP (March 2016), deliver phase 3 of the Tewkesbury Town Centre Masterplan (March 2016), delivery of Economic Development and Tourism Strategy (March 2016).</p> <p>Develop new Economic Development and Tourism Strategy, Overview and Scrutiny Working Group set up to help deliver new strategy.</p>
<p>Joint Core Strategy: If the JCS fails at the examination stage then this will result in significant delay to the timetable then resulting in the failure to develop sustainable growth and prevent piecemeal development.</p>	<p>Group Manager – Development</p>	<p>JCS consultation, formal project programme, evidence base.</p>	<p>Ensure all supporting evidence is robustly presented. (July 2015).</p> <p>Additional examination phase (March 2016)</p>
<p>Government policy: If there is a shift in government policy then the significance of this change/shift will need to be carefully assessed to determine any financial/legislative/economic/social impact on the Council and its communities.</p>	<p>Corporate Leadership Team Group Manager – Corporate Services</p>	<p>Strategic policy network e.g. LGA, CIPFA, Centre for Public Scrutiny, professional networking.</p>	<p>Ongoing review and monitoring of national landscape (ongoing action)</p>

CORPORATE RISK REGISTER

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Asset Management: If assets are not managed to optimum performance then this could adversely affect the Council's finances and there could be missed opportunities to maximise their potential.</p>	<p>Group Manager – Finance & Asset Management</p>	<p>Office refurbishment and rationalisation, new leisure centre.</p>	<p>Review of asset portfolio (March 2016). Development of Asset Management Strategy. (December 2015)</p>
<p>Training & Development: If workforce planning is not effective then employees and Members may not have the skills and capacity to fulfil their potential and help deliver the Council's priorities.</p>	<p>Group Manager – Corporate Services Group Manager – Democratic Services</p>	<p>Behaviours framework, corporate training budget, Service Plans, and 1:1 sessions.</p>	<p>Develop training & development programme. (December 2015) Develop new workforce strategy (December 2015)</p>
<p>Customer expectation: If the Council does not effectively communicate its purpose and priorities to influence customer demand then customer expectation may not realistically reflect the significant financial pressures facing the Council.</p>	<p>Group Manager – Corporate Services</p>	<p>Communications Strategy, complaints framework, satisfaction survey.</p>	<p>Develop new customer services strategy including Channel Shift (March 2016) – review of Customer Services has recently completed which will help inform new strategy.</p>

CORPORATE RISK REGISTER

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Delivery of Operational Services: If operational services are not effective then this may lead to customer dissatisfaction and represent a reputational risk to the Council.</p>	<p>Deputy Chief Executive Group Manager – Environment & Housing</p>	<p>Governance arrangements in place. Overview and Scrutiny Committee review</p>	<p>Development of Client Monitoring Framework. (March 2016) – overview of performance and effectiveness of arrangements to be reported to Overview and Scrutiny Committee October 2015.</p>
<p>Business Continuity: If robust business continuity arrangements are not in place then in the event of an incident there could be sustained loss of key services.</p>	<p>Group Manager – Corporate Services</p>	<p>Corporate business continuity plan, service business plans, ICT disaster recovery arrangements.</p>	<p>Identify priority services and test plan (September 2015) – practical experience being obtained through workshop held at South Oxfordshire/Vale of White Horse – revised test date of December 2015.</p>
<p>Information Governance: if necessary safeguards for, and appropriate use of, personal information and data are not in place then the Council and individual employees may become individually liable for breaches of legislation.</p>	<p>Deputy Chief Executive Group Manager – Corporate Services</p>	<p>PSN compliant, ICT Policy, Data Protection Policy, Fraud & Corruption Policy, nominated Senior Information Risk Owner.</p>	<p>Development of information governance policy (July 2015), Training programme (December 2015). To be developed in line with proposed One Legal expansion (March 2016)</p>

CORPORATE RISK REGISTER

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
Welfare reform: If the impact of welfare reform legislation is not managed then this potentially affects the understanding of the impact and the ability to address the implications on services, the community and partners.	Deputy Chief Executive	Revenues & Benefits Improvement Programme	Work with Severn Vale Housing/CAB/DWP particularly around financial inclusion (March 2016)
Emergency planning: If the Council fails to respond effectively to an emergency then this will have an adverse impact upon the needs of our communities.	Group Manager – Environment & Housing	Emergency plan and team, Communications Strategy, testing of rest centre arrangements, Flood Risk Management Group.	Emergency planning training (March 2016)
New leisure centre: If unforeseen works occur or value engineering assumptions are not deliverable then additional capital investment will be required to complete the centre.	Group Manager – Finance & Asset Management	Project management framework, approved budget, Member Working Group	
Tewkesbury Borough Plan: If the Tewkesbury Borough Plan (TBP) fails to progress to the pre-submission stage then this will result in the failure to develop sustainable growth and prevent piecemeal development	Group Manager – Development	Project Management	Progression of plan to pre-submission stage (December 2015) Will follow new JCS timetable

CORPORATE RISK REGISTER

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Business rates: if business rate payers continue to successfully challenge their business rates assessments then the council is likely to suffer further scheme losses and not benefit from growth in businesses within the Borough.</p>	<p>Group Manager – Revenues & Benefits Group Manager – Finance & Asset Management</p>	<p>Provisions within scheme and reserves set aside. Losses limited to 7.5% by safety net payment. Economic Development strategies to support growth and counter appeal losses.</p>	<p>Government review of national scheme – March 2016. National revaluation of business rates for April 2017.</p>