



**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

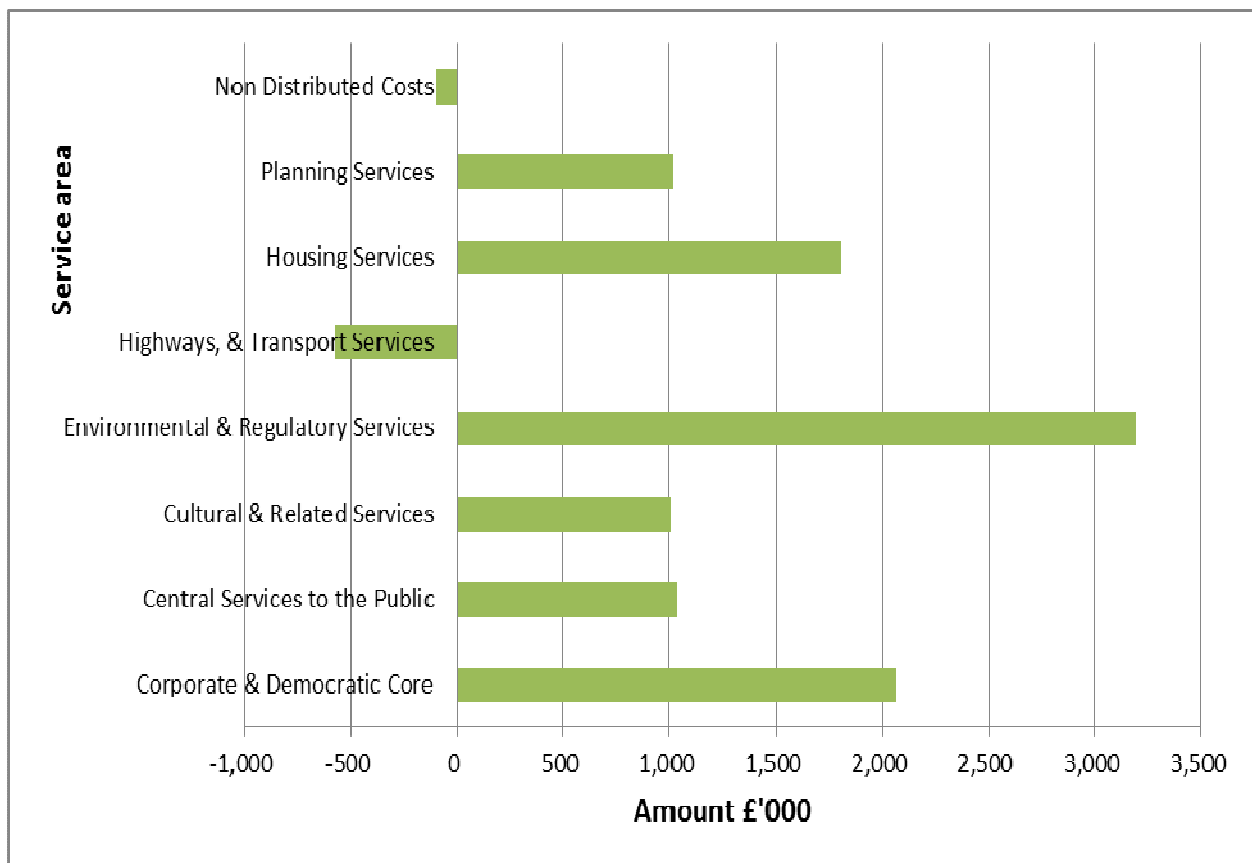
7. Variances 2014/2015 (by expenditure type) (Continued)

	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

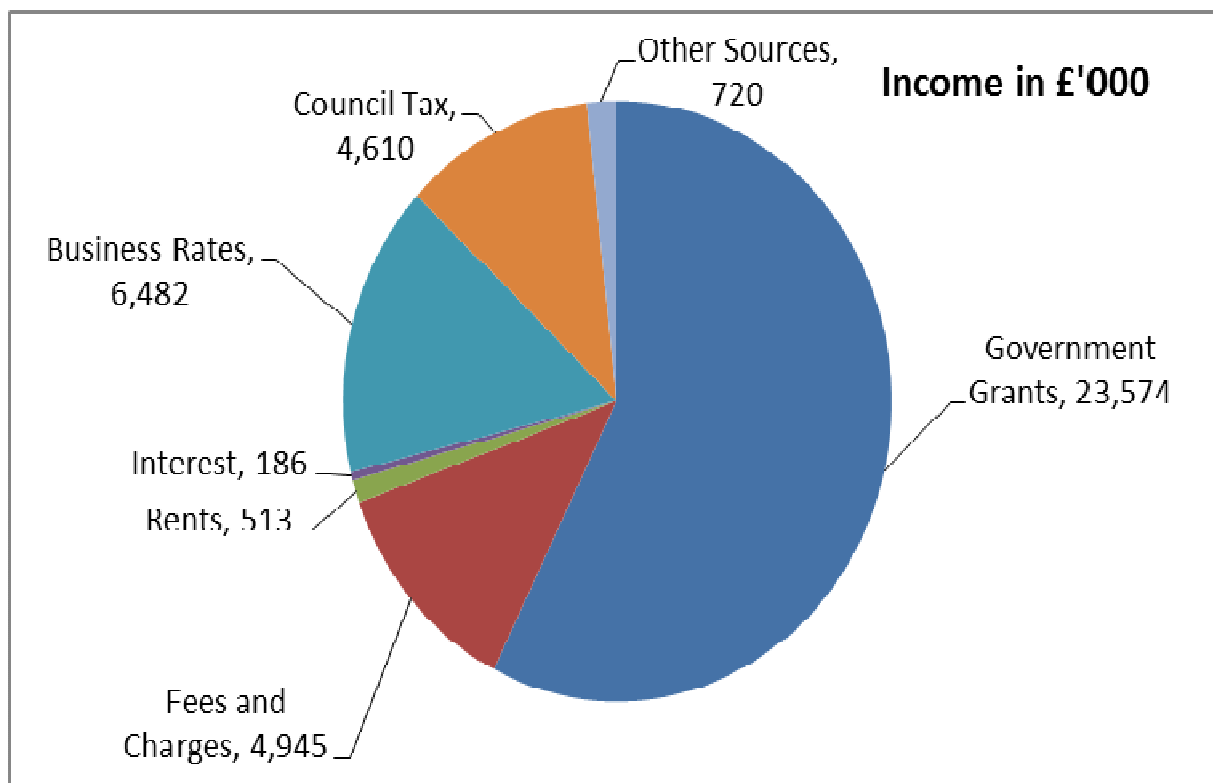
- 1 There was an overspend of £75k in relation to costs associated with successful planning appeals against the Council as there were more appeals than budgeted for. The overall position within this service is an underspend due to £172k of additional planning income as more applications were received 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

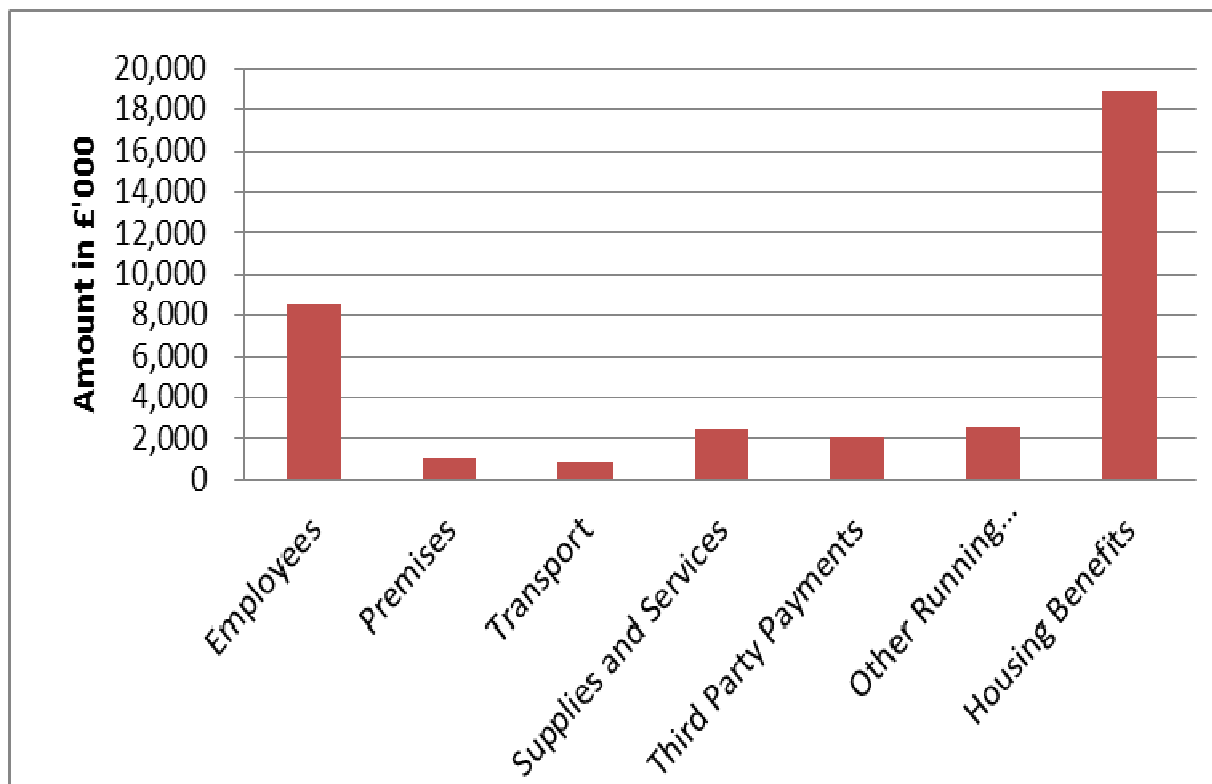


This table shows the net expenditure by service as shown on the CIES

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

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
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

Gross Expenditure £	2013/2014 Gross Income £	Net Expenditure £		Note	2014/2015 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

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
-6,006,324	16	-7,732,654

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 the 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 £1.361m 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

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

	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 £'000	31/03/2015 £'000	31/03/2014 £'000	31/03/2015 £'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)

0	Movements in the market value of Investment and donated Properties debited or credited to the Comprehensive Income and Expenditure Statement	175,682
0	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

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

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

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><u>-25,708,911</u></u>	<u><u>-25,532,423</u></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:

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
	<u>878,161</u>		<u>585,440</u>

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

NOTES TO THE COLLECTION FUND

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.

NOTES TO THE COLLECTION FUND (Continued)

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	331,904	331,904

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.