Tewkesbury Borough Council

Appendix A

Statement of Accounts For the year ended 31 March 2016

Finance and Asset Management
Simon Dix
Head of Service

STATEMENT OF ACCOUNTS 2015/2016 - CONTENTS

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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 Head of Finance and Asset Management.

b. Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

c. Approve the Statement of Accounts.

The Head of Finance and Asset Management's Responsibilities

The Head of Finance and Asset Management is responsible for the preparation of the Council's 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 Head of Finance and Asset Management has:

a. Selected suitable accounting policies and then applied them consistently.

b. Made judgements and estimates that were reasonable and prudent.

c. Complied with the local authority Code.

The Head of Finance and Asset Management has also:

a. Kept proper accounting records which were up to date.

b. Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts on pages 18 to 91 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 2016.

S J Dix
Head of Finance and Asset Management.

Date:

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

Councillor H McLain

Date:

NARRATIVE STATEMENT

1. Introduction

The purpose of this statement 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, as adapted by the Code of Practice for Local Authority accounting (the code).

2. About Tewkesbury

Our borough is predominantly rural and located in the north of the county extending southwards beyond Gloucester and Cheltenham. The eastern part of the borough lies within the Cotswold AONB. Our population is roughly 85,800 made up of 39,064 households spread across 160 square miles.
Tewkesbury Borough Council is one of 6 District Councils in Gloucestershire. It has consistently set one of the lowest levels of Council Tax in the Country (5th lowest in England in 2015/2016).

The Council plan
The vision of the Council is:

"Tewkesbury Borough, a place where a good quality of life is open to all."

To deliver this vision and provide focus we have established four priorities:
- Finance and Resources
- Economic Development
- Housing
- Customer - focused services

Everything we do is towards delivering the vision and we have adopted the following values:
- Putting customers first
- Being positive about working with others

- Valuing our employees

2. About Tewkesbury (Continued)

By remaining focused on our priorities we can ensure we use our resources effectively to improve the quality of life for our communities.

The next four years are set to be both exciting and challenging. For a relatively small council we have big ambitions. We continue to face unprecedented financial challenge, which means we are focusing closely on transforming the way we deliver our services and adopting a more commercial approach to income generation, so that we can continue to provide excellent value for money.

3. Explanation of the financial statements

This section of the foreword sets out information on the purpose of the various statements included in the 2015/2016 accounts followed by details of the Core and Supplementary Financial Statements that present the overall financial position of the Council.

The Statement of Responsibilities
This Statement sets out the respective responsibilities of the Council and the Chief Financial Officer (Head of 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.

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 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. Explanation of the 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.

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 (NNDR) 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 NNDR tax base.

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

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

The Council has a net underspend against its revenue budget of £289k for 2015/2016 (see section 8 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 2015/2016 to meet its revenue expenditure. All costs in year have been met from income received or from planned use of Earmarked Reserves already held by the Council.

The Council transferred its waste and recycling collection, street cleansing and grounds maintenance services to Ubico Ltd on 1 April 2015. Ubico Ltd is a local authority owned company and Tewkesbury has 16.7% of the share capital. Although the services are being delivered by Ubico Ltd, we still have responsibility for delivering them and manage this through a service contract.

The Council has completed its first year as a partner of UBICO, who provide all the Council's waste, recycling, grounds maintenance and street cleansing services. Whilst services have continued as previously, the Council is keen to work with Ubico to look at how services can be provided with the aim of reducing the cost of the service going forward. Plans are at an early stage and need more development over the next 12 months.

The Council has undertaken a review of the way it collects it waste and recycling as it prepares to replace its vehicle fleet which is coming to the end of its useful life. The decision is to purchase a new fleet rather than to lease one, which is the current model. The review concluded that we do not want to change how the service is provided, as it is popular with customers. However the decision was taken that food waste is going to be separated from the refuse/recycling collection but will continue to be collected on the same day. This is because it represents better value for money for the Council and provides more flexibility in the service to cope with increasing size of the borough.

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

As detailed in section 7 below the Council continues to be impacted by the Business Rates appeals relating to previous years charges. This has meant that the council was not able to achieve its targeted budget surplus of £250k from additional business rates income received and for the second year relied on top-up funding from the Gloucestershire Business Rates pool to get the safety net income level from business rates that was set by Central Government. As at the 1 April 2016 the Council is no longer part of the Gloucestershire Pool, and so is not able to benefit directly from growth across the County. However the decision was taken that the impact of the lost revenue from within the borough on the Pool was unfair and that any future losses should be picked up by Central Government instead of the residents of the County.

The Council over the financial year has continued to invest in its services to try and deliver improvements to customers whilst reducing costs. Reviews have taken place of Customer Services, Planning and Environmental Health departments. These reviews have been completed and improved internal processes to deliver better customer service and efficiency. The next phase planned is to look at where further efficiencies can be made and to realise cashable savings.

The Local Plan which feeds the development plans for the Tewkesbury area and the Joint Core Strategy (JCS) with Cheltenham Borough and Gloucester City Councils has continued. An in-depth review of the JCS has been undertaken by an independent examiner to ensure that it is fit for purpose for the next 20 years. This is a complex set of plans and when implemented will be the key source of evidence to support the development of the borough for both housing and business. Whilst the plan is waiting for approval, the Council is left at some risk that a co-ordinated response to planning and development is subject to challenge.

The Council has set its objectives to improve services and to deliver new projects whilst the Council Tax charge has been frozen for the last 5 years. At present the Council is achieving this mainly through additional funds received from New Homes Bonus, which is additional funding provided based on the number of new homes built 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 additional savings will have to be identified, which could impact on front line services, or through increased Council Tax income from ratepayers.

No other material, 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 also seen the build of a new leisure centre in Tewkesbury come to near completion during the year and has since opened on the 30 May 2016 on budget and ahead of schedule. This is a significant investment in a new facility for the local residents, whilst also reducing the cost, as the new facility provides an annual return to the Council.

The old Cascades centre is at the end of its useful life and so the Council is now preparing plans on how the site and surrounding Spring Gardens Car park can be developed to support the business and the town centre going forward. The centre itself will be demolished in late summer 2016 paving the way for future development and regeneration of this area.

Away from direct service provision, from the 1 April 2015 the Council provides Legal services to Gloucester City Council, with staff transferred from Gloucester City Council to Tewkesbury. The One Legal Team now provides a shared service to us, Cheltenham and Gloucester City Councils as well as third party work for Cheltenham Borough Homes and Cheltenham Trust. The One Legal Team is looking at other ways that further services can be provided to other bodies to increase income to the Council.

5. The Council’s Performance during the year

a) Financial Performance

The Council has a Finance outturn report which was presented to members at the 13 July Executive Committee. The information in this report is presented using the headings of the Heads of Service within the Council who are responsible for delivering specific services (and is different to how we present the financial statements - Note 24 of the accounts shows how the presentation of the outturn agrees to the accounts).

The outturn shows that in relation to services we are underspent for the year. Expenditure on Services was reported to be £7,537k for the 2015/2016 financial year with a reported underspend of £1,525k. This is primarily due to significantly better than expected income against our budget on planning fees. It should be noted that the budget for 2016/2017 has increased the level of expected planning fees, in order to set a balanced budget as other funding sources are reduced from central government. Savings on staff costs through vacant posts, maternity leave and sickness absence has led to savings, although use of agency staff has offset some of these. The cost of housing benefit continues to have an impact on the Council, due to the level of overpayments identified and difficulty in recovering them. This means that the Council does not receive full subsidy from government to cover the total cost.

The Council is committed to protecting front line services whilst having one of the lowest council tax charges in the country. The Council believes that its key strength has been to deliver services across the borough whilst maintaining a freeze on Council Tax over the last 5 years. Whilst in 2016/2017 Council tax has had to rise, the cost to the local taxpayer for the services they receive is comparatively low. This policy has the impact that the Council has to do more with fewer resources. This was recognised in a Peer Review undertaken by the Local Government Association in November 2014. The Council is ambitious in its plans, as demonstrated by building the new leisure centre which is a discretionary service, utilising capital resources to do this. There is also a positive impact that it has also reduced revenue costs in comparison to operating the previous leisure centre. The Council is currently looking at ways it can invest both capital and revenue resources, such as redevelopment of the former leisure centre site and investing in housing corporations, as ways of providing other long term sources of income to support Council services.

Large spending plans, such as the leisure centre and future projects are depleting the Council's cash reserves, which has the impact of reducing investment income from these resources. Also business rate appeals, if successful, can result in significant repayments which obviously have an impact on cash flow. The Council has a treasury management plan in place, and recognises that at certain times of the year there will be pressure on cash flow. Some short term borrowing might be required to cover short term pressures, but projections of cash flow over the next 18 months show that the Council’s financial position is viable. Over the long term the Council will borrow to fund the capital ambitions.

As well as the Outturn report, financial figures are included in the quarterly performance report to Overview and Scrutiny Committee and Executive. This sets out how the Council is doing in achieving its core aims and objectives as set out in our Council Plan. Below is a summary of the Council’s performance in achieving its corporate and strategic objectives. In the future an independent financial report will be presented directly to the Executive

b) Council Performance

The Council has a mature performance management framework to monitor delivery of its Council plan actions. The main monitoring tool is the Council plan performance tracker. Supporting the tracker is a set of key performance indicators (KPI) and key financial monitoring information. The KPI's are broadly aligned to our Council plan priorities and include corporate performance indicators, service related indicators and indicators which represent the ‘state of the borough’ such as employment and housing. All performance information is reported on a quarterly basis to the Overview and Scrutiny Committee & Executive. Performance tracker information clearly shows if individual actions are being progressed by means of a dashboard. This applies to the KPI information which also includes a direction of travel for each indicator. The monitoring of KPI’s and other key information helps to manage the corporate reputation of the Council and take corrective action where necessary.

5. The Council's Performance during the year (Continued)

With regards to services, each service produces an annual service plan. The delivery of service plan actions forms part of normal business through management dialogue, one to one meetings and Lead Member briefings. At an individual level there is the Personal and Professional Development framework supported with a behaviours framework where individual performance and development can be monitored. Sitting alongside the core performance information, is an organisational improvement plan that resulted from the Council's peer challenge in November 2014. The peer challenge was facilitated by the Local Government Association and was very positive about the Council's performance. Recommendations were made where performance can be strengthened further and an action plan developed to monitor delivery of actions. Six monthly reports are presented to Overview and Scrutiny Committee. Aligned to and supporting the performance management framework is the project management framework. All significant projects are monitored through a corporate project management database and each project is supported with a risk register. Overseeing the framework is a Project Programme Board which provides an environment for project approval, challenge and monitoring.

Council Plan Actions

The Council Plan actions are monitored by Overview and Scrutiny Committee and by the end of 2015/2016 the key actions included:

• A Customer Care Strategy including corporate customer care standards has now been formally approved.
• A new complaints framework and policy has been introduced which makes it easier for customers to raise concerns and provides more effective monitoring.
• The Council's first ever Digital Strategy has been approved and this includes the development of a new website.
• The formal handover of the new leisure centre to Places for People with opening on 30 May 2016.
• Significant project work agreed for the regeneration of Tewkesbury town.
• The approval of a Community Infrastructure Levy Draft Charging Schedule at Council on 19 April 2016.
• Advancement in a number of neighbourhood plans.
• 180 groups being supported or signposted to potential funding streams by the Community Funding Officer.

Due to the complex nature of the actions being delivered then inevitably some may not progress as smoothly or quickly as envisaged. Examples include: JCS, letting additional areas of the Public Services centre and workforce strategy

The main KPI's of interest include:

KPI description	Outturn 2014/2015	Target 2015/2016	Outturn Q4 2015/2016	Comment
Average number of sick days per full time equivalent	8.67	7	8.74	There has been unusually high long term sickness in the organisation, with 49% of the days lost attributable to long term sickness, involving 10 employees. Were it not for the high long term sickness, the target would have been achieved.
Percentage of 'major' applications determined within 13 weeks or alternative period agreed with the applicant	82.05%	80%	87.50%	Strong performance indicates that officers are liaising well with customers to work through major applications in a positive and proactive way.
Average number of days to process new benefit claims	18.75	15	12.76	This year has been our best ever performance and is below the national average which Department for Working and Pensions (DWP) for Q3 (Oct 2015- Dec 2015) reported being 21 days.

6. Technical Accounting Changes in the Financial Year

The main change affecting the accounts this year is the introduction of IFRS 13 Fair Value Measurement which provides specific guidance on the fair value framework.

Whereas fair value has always been mentioned in various accounting standards, IFRS 13 has sought to standardise the definition. Fair value is now defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It applies to a wide range of assets and liabilities within the balance sheet.

Although this has changed the valuation of some investment assets, there is no material effect on the accounts.

7. Summary of The Council's Financial Position

a) Economic Background

The global outlook has been slowly deteriorating over the year due to concerns over productivity growth. However, Gross Domestic Product (GDP) is estimated to have increased by 0.4% in Quarter 1 (Jan to Mar) 2016 following growth of 0.6% in Quarter 4 (Oct to Dec) 2015. Quarter 1 was also 2.1% higher than the same quarter in 2015.

The Bank of England's target of 2% for Consumer Price Index (CPI) still remains in force and we have consistently remained below that target during the financial year, only reaching a high of 0.5% in March 2016.

During the last 6 months of the financial year the number of people in work increased however the number of people unemployed was little changed. The official interest rate remained at 0.5% over the whole financial year and this is expected to continue into the foreseeable future.

Current forecasts predict that the economy will grow in the forthcoming year and CPI/RPI will increase. However, the European Union Referendum may cause these forecasts to change over the coming months.

The Council continues to face deficits in its budget over the coming years (£3m 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 more business transformation within services to try and reduce costs/increase income, 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 have continued to have a significant impact on returns from the Council's investments of some £8m (at year end and including call accounts). This led to a reduced level of investment income in 2015/2016 of £117k which in part was due to falling investment balances. The average return on investments was 0.82% for 2015/2016, which, compared to 0.85% in 2014/2015, is a great achievement considering the level of investments has been declining considerably.

The current economic climate saw a dramatic rise in housebuilding and in the quarter September to December 2015 housebuilding was up 23% on the same quarter last year meaning that against a target of £740k, planning fees came in at over £1.2m reaffirming the new confidence in the industry.

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.

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

Business Rates

Business rates retention continued to be a volatile source of funding for ourselves. After receiving a £3.96m safety net payment from the Gloucestershire Business Rates Pool in 2014/2015 we again found ourselves in similar territory, however the safety net payment received for this year is considerably less at £252k. In terms of budgets, we not only failed to obtain the £250k growth we anticipated but also lost the £126k between our funding baseline and the safety net level.

The main reason for the under collection of rates was due to a number of factors. Firstly, the number of appeals being lodged has increased and also the success rate of appeals has increased. The reduction in rateable values due to successful appeals has been quite large and this has contributed to the position along with a significant rise in empty properties.

Although provisions for appeals have been made another contributing factor is the reduction in rateable values due to general reviews and where appeals have not been lodged but the Valuation Office revises a whole class of properties.

The Valuation Office is currently updating the rateable values of all business properties and from 1 April 2017 these will come into effect. Coupled with the Government's plan to introduce 100% retained business by 2020 the level of risk and uncertainty in the system remains.

Impact on Assets

As part of our new valuation tender we now get all our assets measures on an annual basis as at 31 March. There were no significant changes in our Property, Plant and Equipment valuations from last year.

b). What We Own

Plant, Property & Equipment:

The Council owns Plant, Property & Equipment (PP&E) at 31 March 2016 with a net book value of £21m. The Council's relevant Land and Buildings are revalued annually by the Council's appointed valuer, Wilks Head & Eve.

The Council spent the following on acquisitions and works on PPE in 2015/2016:

- Building works associated with the new leisure centre being built in Tewkesbury of £6m.
- New roof and mechanical and electrical installations to the Roses Theatre totalling £335k.
- Photovoltaics on the Public Service Centre (designed to reduce ongoing energy costs) totalling £103k.
- The purchase of Waste and Recycling bins of £84k
- Information Technology hardware and associated software of £98k.

During the year the Council sold one of its homeless properties for £202k making a £2k gain against its book value. As part of the transfer of the depot services to Ubico Ltd we transferred some grounds maintenance equipment at nil gain/loss as well as the refuse and recycling vehicles (which were novated across from our existing lease).

Investment Properties:

The Council owns Investment Property and land at 31 March 2016 with a market value of £3.5m.

This is an increase of £207k on the previous year's value in the statement of accounts, which is due to the Valuers assessment where they have increased the value due to improved market conditions.

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

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, civic regalia and the Arrivall Horse sculptures. These are 18ft wooden sculptures of horse and rider and are situated to the south of Tewkesbury that commemorate the Battle of Tewkesbury in 1471.

c). What We Are Owed

Investments:

The Council had a combination of Short Term and Cash and Cash Equivalent investments of £8m as at 31 March 2016. These investments are made in accordance with the adopted Treasury Management Strategy and generated some £117k 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 £6.7m from the balance held at the end of the previous year. This reduction was planned due to the large capital programme including £6m in year on the new leisure centre in Tewkesbury, funded from the Council's own capital resources.

The impact of this is 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 the Council will have to look at ways of continuing to balance the budget.

Debtors:

In addition to Investments the Council were owed £7.7m at 31 March 2016, which consisted of Long Term Debtors of £19k and Short Term Debtors of £7.7m. The debtors balance includes the following:

- Support from the Gloucestershire Pool in relation to the Business Rates Deficit of £252k.
- Support from Central Government in relation to the Business Rates Deficit of £3.7m.
- Support from Gloucestershire County Council in relation to the Business Rates Deficit of £608k.
- Outstanding amounts owed from benefit claimants who have been overpaid of £1.5m
- Outstanding amounts owed from customers for goods and services provided of £718k

d). What We Owe

The total liabilities of the Council stood at £32m at 31 March 2016.

The Council owes creditors £2.2m as at the 31 March 2016. 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 £2m as provisions to cover future costs which relate to Council activity prior to the end of the year.

This includes £1.8m relating to provisions for NNDR (business rates) appeals. 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

Last year we had a long term liability of £731k which was the long term lease we held on our refuse and recycling vehicles. On 1 April 2015 we novated this contract over to Ubico Ltd as part of the transfer of services to them.

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

On 1 April 2015 we transferred our waste, recycling and grounds maintenance services to a company called Ubico Ltd. This company, which is part owned by Tewkesbury Borough Council, will continue to provide the Council's services on its behalf. Whilst the Council will still pay indirectly for the waste vehicles, the future liability for the lease has been transferred to Ubico Ltd and will be carried in their financial statements.

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 decreased during the year by £5.992m to £27.853m at 31 March 2016. This represents the shortfall in the position of the current pension fund against the requirement to meet all the future liabilities.

The improvement in the liability is mainly down to the increased net discount rate over this period which has produced a positive impact and outweighed the more disappointing return on assets.

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 March 2017 when the next review will be undertaken. The contributions for the final year are:

Year ended	% of pensionable payroll	Lump sum payment £'000
31 March 2017	14.7	1,533

e). Our Net Worth

The Council's Net Worth at 31 March 2016 was £8.900m. 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 Usable Capital Receipts Reserve shows a balance of £5.658m at 31 March 2016. 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 capital programme grows. This will leave the Council limited opportunities to fund future capital schemes from within its own resources.

The Earmarked Revenue Reserves totalled £9.386m at 31 March 2016, a decrease of £732K. 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 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 the year, the amounts due to be paid against what we estimated is significantly higher. The Council has had to set aside a reserve of over £3.8m, 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 2015/2016 income and expenditure accounts.

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

The reserves held at 31 March 2016 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.

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 £450K.

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.

8. Comparison of Budget against Outturn

	£ **Actual**	£ **Budget**	£ **Variance**
Corporate & Democratic Core	2,163,800	1,808,677	355,123
Central Services to the Public	942,255	1,236,925	-294,670
Cultural & Related Services	433,521	836,680	-403,159
Environmental & Regulatory Services	3,029,115	2,883,065	146,050
Highways, & Transport Services	-206,272	-344,787	138,515
Housing Services	1,882,461	877,816	1,004,645
Planning and Development Services	793,751	1,068,551	-274,800
Non Distributed Costs	-379	1,408,430	-1,408,809
Cost of Services	**9,038,252**	**9,775,357**	**-737,105**
Mortgage pooling	8,783	0	8,783
Interest receivable and similar income	-115,310	-254,699	139,389
Trading Accounts	-141,556	-140,780	-776
Capital transactions	-405,852	0	-405,852
Pension adjustments	1,072,000	0	1,072,000
Council Tax and NNDR adjustment	891,663	0	891,663
Contributions to/from revenue reserves	370,847	-170,208	541,055
Total Expenditure	**10,718,827**	**9,209,670**	**1,509,157**
Parish Precepts	**1,673,086**	**1,673,086**	**0**
less:			
Council Tax Income	-4,858,124	-4,858,124	0
Non Domestic Rates	-2,135,401	-1,421,642	-713,759
Revenue Support Grant	-1,318,981	-1,318,980	-1
Other Non-Ring-fenced Government Grants	-4,079,407	-3,284,010	-795,397
	-12,391,913	**-10,882,756**	**-1,509,157**
(Increase)/Decrease in Working Balances	**0**	**0**	**0**

9. Variances over £10k 2015/2016 (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
Bank Charges						26					26
Building Regulations							-23				-23
Business Rates Retention	**1**								-285		-285
Car Parking						11	-21		51		41
Cascades		32	11	22					-27		38
Central Establishment						29					29
Civic Expenses							11				11
Commuted Sum Release									12		12
Corporate Services		21									21
Council Tax									17		17
Council Tax Benefits									36		36
Democratic Services		31									31
Development Control	**2**	52					-30		509		531
Development Head of Service		11									11
Environmental Health		-36							11		-25
Finance & Asset Manager		-17									-17
Financial Services		21							17		38
Grounds Maintenance							28				28
Holiday Caravan Site									19		19
Housing Benefit Administration									25		25
Housing Benefit-Rent Allowances	**3**							917	-1126		-209
Interest and Investment Income									-49		-49
IT		15									15
Land Charges							-32		83		51
Licensing									26		26
One Legal		-73			11	20			59		17
Policy & Communications		46									46
Procurement Savings										-19	-19
Property Investment	**4**									-90	-90
Public Offices				17						-75	-58

9. Variances over £10k 2015/2016 (by expenditure type) (Continued)

Revenues & Benefits		28				-19			30		39
Salary Savings	**5**									-182	-182
Depot	**6**		70								70
Tourism - Tewkesbury TIC										-17	-17
Waste Collection Services							-46		83		37
Other net		-5	1	1	5	10	-25		61		48
TOTAL		**126**	**82**	**40**	**16**	**77**	**-138**	**917**	**-448**	**-383**	**289**

		Release of Earmarked Reserves not used in previous year	37
	7	Required Funding for additional Earmarked Reserves for future years	-326
		Impact on General Fund Balance in 2015/2016	**0**

Explanation of significant variances

1 Business rates show a deficit of £285k. The budget projection was that a surplus above the business rates income target which would contribute £250k to the budget. During the year a series of revaluations on various properties within the borough and also write off of several debts which have proven to be unrecoverable has meant that rather than a surplus being realised we are in a deficit position.

2 Planning income from both standard applications and also from pre-planning advice is significantly above the budgeted income. Demand is higher than expected and also include several high value applications in terms of fees charged.

3 The year end position on the Housing Benefit Subsidy Claim is £209k below budget. Overpayments have continued to be above budget levels reducing the recovery of subsidy and leading to the budget deficit.

4 This is due to a delay in obtaining a property for investment which is now on schedule for mid 2016/2017.

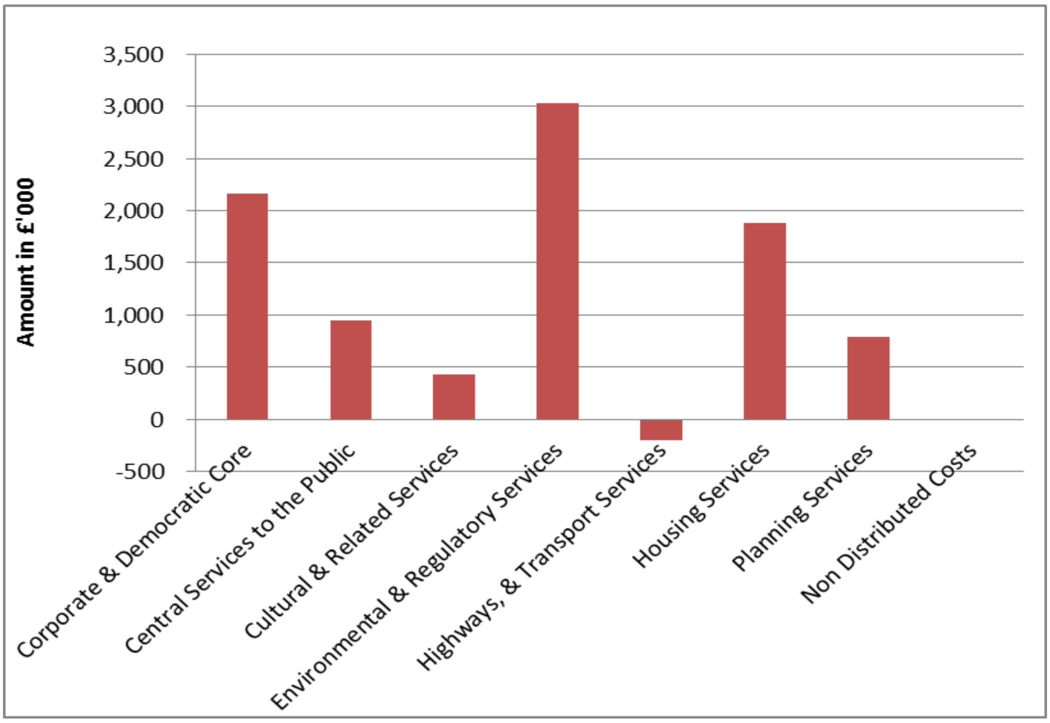
5 This is the savings plan for salary savings. From the Employee Costs column we can see £126k was saved against this target making a £56k shortfall against the target.

6 This is a provision from 2014/2015 that was no longer needed and released in 2015/2016.

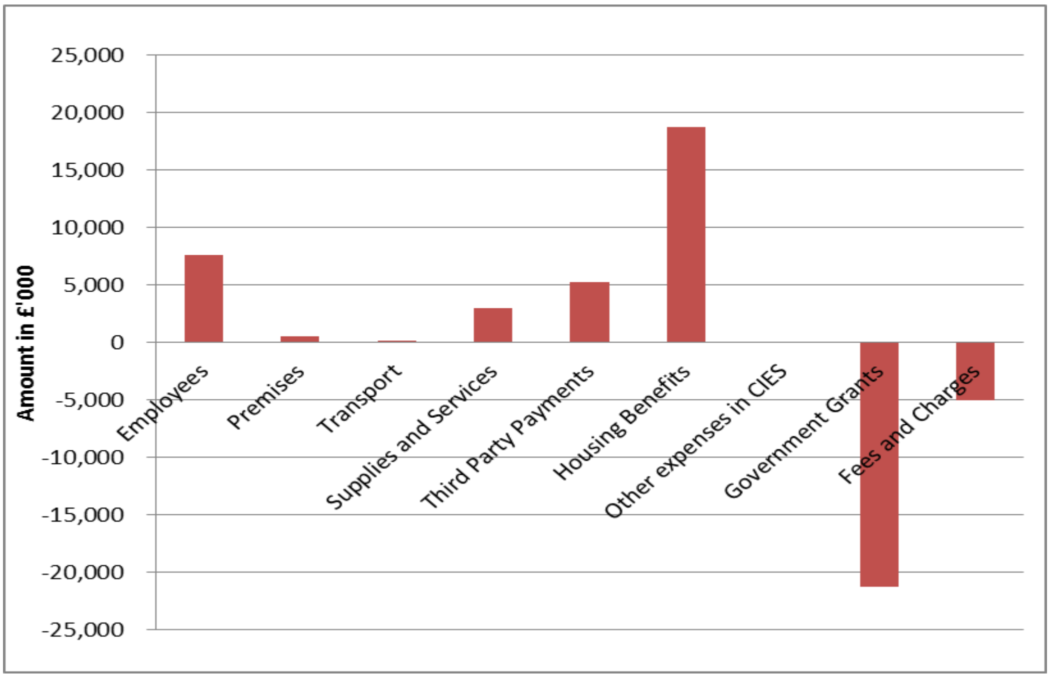
7 The Council has a net underspend in the year of £289k against its planned expenditure.
There was also £37k of Earmarked Reserves which were left over at the year end that had not been utilised and which were no longer required. This balance can therefore be released back to revenue to fund expenditure which would lead to an overall underspend of £326k.
However, the Council has identified that it requires the £326k 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 2015/2016 is nil.

10. The Services Provided

a) What services we provide
Below is an analysis of the net expenditure on the service headings that are used to produce the accounts. The Council had a net expenditure of £9,038k in 2015/2016 on providing services to the residents of the borough. As can be seen the service that has the highest cost is environmental and regulatory services which includes our waste and recycling services, licencing services and environmental improvements.

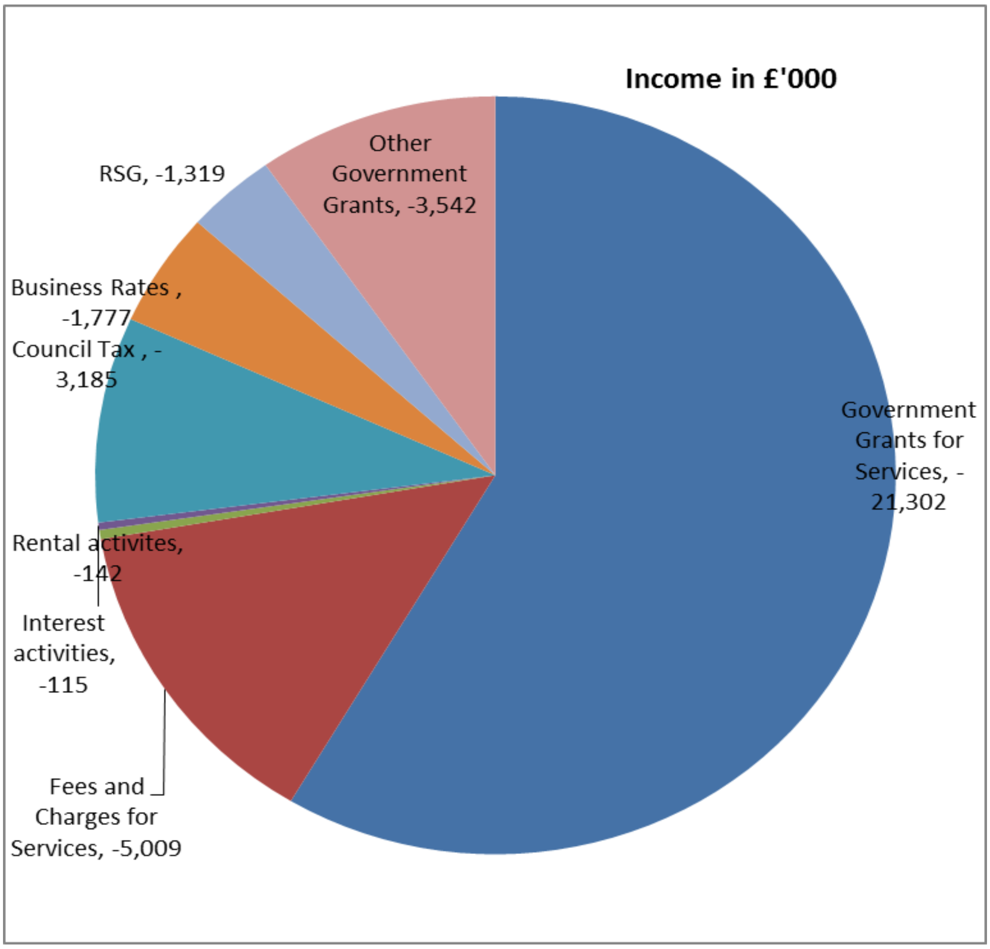


b) How we provide those services
Below is an analysis of the Net Cost of Services shown above, by the type of costs that the Council incurs and also the income that the Council receives in relation to those services provided. Housing Benefits are shown as the most significant costs, but this is offset by a government grant which reduces the net cost to around £950k. As can be seen Employee costs are the next highest cost at approx. £7.5m. Other than grants from government the Council also receives approx. £5m in fees and charges from charging for some council services, such as car parks, planning fees and licencing charges.



10. The Services Provided (Continued)

c) Where the funding comes from
This chart shows where all off the various funding sources come from to fund the Council's activities. 60% is government grants and another 15% from fees and charges included above to fund services directly. The remaining funding comes from other grants from government which do not have to be spent on specific services. The council receives a net income from its rental and treasury management activities which help contribute to fund the total cost of the council. The remaining income comes from charging Council Tax to local residents and Business Rates to local businesses. The net income from these two sources makes up another 15% of the councils funding.



11. Capital Expenditure

The Council's total spend on capital projects was £7,864k. The major areas of expenditure included £658k on Disabled Facilities Grants, £335k on improvements to the Roses Theatre, £103k on photovoltaics and £6m on the new leisure centre.

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

Expenditure on own property	6,422
Refuse and Recycling	84
IT Hardware and Software	98
Photovoltaics	103
Disabled Facilities Grants	658
Flood prevention/repairs	292
Community Grants	207
Total	**7,864**

11. Capital Expenditure (Continued)

The expenditure programme was financed from the following sources:

	£'000
Specified Capital Grants	789
Capital Receipts	6,959
Revenue	116
Total	**7,864**

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

	Projected Expenditure (£m)						
	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**TOTAL**
Gross Capital Expenditure	9.05	2.53	0.65	0.65	0.65	0.65	**14.18**
Total Expenditure	**9.05**	**2.53**	**0.65**	**0.65**	**0.65**	**0.65**	**14.18**
Financing							
Capital Receipts Reserves	8.60	2.13	0.25	0.25	0.25	0.25	**11.73**
Grants and Contributions	0.45	0.40	0.40	0.40	0.40	0.40	**2.45**
Total Financing	**9.05**	**2.53**	**0.65**	**0.65**	**0.65**	**0.65**	**14.18**

The current capital programme will deplete capital reserves to around £1.6m by March 2017. The council will also need to consider the purchase of a vehicle fleet for 2017. This will require an investment of around £3m and although partial funding can be found through use of New Homes Bonus, the majority of the investment, if approved, will utilise the final balances of the capital reserve. Any future ambitions for asset investment, town centre redevelopment and the continuation of the Disabled Facilities Grant (DFG) programme will require the utilisation of other sources of funding, including borrowing.

12. Treasury Management Strategy

The Treasury Management Strategy (approved in February 2016) underlies any need to borrow but currently the Council has no borrowings (apart from for cash flow purposes). In the next few years, as investments deplete, the Council will look at the most cost effective way of financing capital expenditure whilst trying to reduce the overall treasury risk for the Council.

13. Events after the end of the financial year

On the 30 May 2016 the Council entered into a contract with Places for People Leisure (PFP) for them to run the newly built Tewkesbury Leisure Centre. This involved the transfer of the existing Cascades staff under TUPE regulations and the existing Cascades leisure centre closed the day before the new one opened.
The terms of the contract are that PFP will provide a whole host of dry side facilities alongside a full swim timetable. Therefore in the 2016/2017 accounts, there will be a reduction in staff costs and other running costs previously associated with Cascades.

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 on our website.

MOVEMENT IN RESERVES STATEMENT

	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 2015/2016							
Balance at 1 April 2015 brought forward	**450**	**10,118**	**12,331**	**54**	**22,953**	**-21,084**	**1,869**
Surplus or (deficit) on provision of services	371				371		371
Other Comprehensive Expenditure and Income	0				0	6,660	6,660
Total Comprehensive Expenditure and Income	**371**	**0**	**0**	**0**	**371**	**6,660**	**7,031**
Adjustments between accounting basis & funding basis under regulations (Note 6)	-1,103		-6,673	-28	-7,804	7,804	0
Net Increase/Decrease before Transfers to Earmarked Reserves	**-732**	**0**	**-6,673**	**-28**	**-7,433**	**14,464**	**7,031**
Transfers to/from Earmarked Reserves (Note 7)	732	-732	0	0	0	0	0
Increase/Decrease (movement) in Year	0	-732	-6,673	-28	-7,433	14,464	7,031
Balance at 31 March 2016 carried forward	**450**	**9,386**	**5,658**	**26**	**15,520**	**-6,620**	**8,900**

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 2014/2015							
Balance at 1 April 2014 brought forward	**450**	**4,851**	**15,043**	**46**	**20,390**	**-14,281**	**6,109**
Surplus or (deficit) on provision of services	-794				-794		-794
Other Comprehensive Expenditure and Income					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)	6,061		-2,712	8	3,357	-3,357	0
Net Increase/Decrease before Transfers to Earmarked Reserves	**5,267**	**0**	**-2,712**	**8**	**2,563**	**-6,803**	**-4,240**
Transfers to/from Earmarked Reserves (Note 7)	-5,267	5,267	0	0	0	0	0
Increase/Decrease (movement) in Year	0	5,267	-2,712	8	2,563	-6,803	-4,240
Balance at 31 March 2015 carried forward	**450**	**10,118**	**12,331**	**54**	**22,953**	**-21,084**	**1,869**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2014/2015 Gross Expenditure £'000	2014/2015 Gross Income £'000	2014/2015 Net Expenditure £'000		Note	2015/2016 Gross Expenditure £'000	2015/2016 Gross Income £'000	2015/2016 Net Expenditure £'000
2,077	-14	2,063	Corporate & Democratic Core		2,169	-5	2,164
1,785	-755	1,030	Central Services to the Public		1,619	-676	943
2,257	-1,252	1,005	Cultural & Related Services		1,934	-1,501	433
5,110	-1,920	3,190	Environmental & Regulatory Services		5,113	-2,084	3,029
323	-897	-574	Highways, & Transport Services		773	-979	-206
21,112	-19,308	1,804	Housing Services		20,856	-18,974	1,882
2,216	-1,202	1,014	Planning Services		2,885	-2,092	793
0	-99	-99	Non Distributed Costs		0	0	0
34,880	**-25,447**	**9,433**	**Total Cost of Continuing Operations**		**35,349**	**-26,311**	**9,038**
1,547	-160	1,387	Other Operating Expenditure	**8**	1,682	-207	1,475
1,305	-505	800	Financing and Investment Income and Expenditure	**9**	1,086	-470	616
17,230	-28,056	-10,826	Taxation and Non-Specific Grant Income and Expenditure	**10**	13,019	-24,519	-11,500
20,082	**-28,721**	**-8,639**			**15,787**	**-25,196**	**-9,409**
		794	**(Surplus)/Deficit on Provision of Services**				**-371**
		-1,394	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets				-304
		4,841	Remeasurement of the Net Defined Benefit Liability				-6,356
		3,447	**Other Comprehensive Income and Expenditure**				**-6,660**
		4,241	**Total Comprehensive Income and Expenditure**				**-7,031**

BALANCE SHEET

31 March 2015 £'000		Notes	31 March 2016 £'000
15,187	Property, Plant & Equipment	**11**	21,100
3,326	Investment Property	**13**	3,533
357	Intangible Assets		308
218	Heritage Assets	**12**	218
0	Long Term Investments		0
32	Long Term Debtors		19
19,120	**Long Term Assets**		**25,178**
7,025	Short Term Investments	**14**	2,007
18	Inventories		13
9,045	Short Term Debtors	**15**	7,723
7,733	Cash & Cash Equivalents	**16**	6,081
23,821	**Current Assets**		**15,824**
2	Short Term Borrowing	**14**	2
2,352	Short Term Creditors	**17**	2,188
3,706	Provisions	**18.1**	1,042
6,060	**Current Liabilities**		**3,232**
436	Provisions	**18.2**	1,017
34,576	Other Long Term Liabilities	**32**	27,853
35,012	**Long-Term Liabilities**		**28,870**
1,869	**Net Assets**		**8,900**
450	General Fund Reserve	**MIRS**	450
10,118	Earmarked Reserves	**7**	9,386
12,331	Capital Receipts Reserve	**MIRS**	5,658
54	Capital Grants Unapplied	**MIRS**	26
22,953	**Usable Reserves**		**15,520**
4,705	Revaluation Reserve	**20.1**	4,866
-33,845	Pensions Reserve	**20.3**	-27,853
13,873	Capital Adjustment Account	**20.2**	20,514
31	Deferred Capital Receipts		18
72	Financial Instruments Adjustment Account		48
-5,839	Collection Fund Adjustment Account	**20.4**	-4,118
-82	Short-Term Accumulating Compensated Absences Account		-88
1	Available for Sale Adjustment Account		-7
-21,084	**Unusable Reserves**		**-6,620**
1,869	**Total Reserves**		**8,900**

CASH FLOW STATEMENT

2014/2015		Note	2015/2016
£'000			£'000
794	Net (surplus) or deficit on the provision of services		-371
-176	Adjustments to net surplus or deficit on the provision of services for non-cash movements	**21**	-842
0	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0
618	**Net cash flows from Operating Activities**		**-1,213**
-5,012	Investing Activities	**22**	1,341
2,668	Financing Activities	**23**	1,524
-1,726	**Net increase or decrease in cash and cash equivalents**		**1,652**
-6,007	Cash and cash equivalents at the beginning of the reporting period		-7,733
-7,733	**Cash and cash equivalents at the end of the reporting period**	**16**	**-6,081**

NOTES TO THE ACCOUNTS

1. Accounting Policies and Accounting Standards Issued, Not Adopted

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/2016 financial year and its position at the year-end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2016, 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 2015/2016 and the Service Reporting Code of Practice 2015/2016, 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 assumes that the functions of the Council will continue in operational existence.

1.2 Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.
Cash equivalents are highly liquid investments that can be 'called' within 30 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.
In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

Post-Employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme administered by Gloucestershire County Council.

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

The Local Government Pension Scheme

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

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

• Liabilities are discounted to their value at current prices, using a discount rate of 3.5% (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 event; and

• 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.

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

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

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.

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

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

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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

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

1.7 Government Grants and Contributions

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

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

1.7 Government Grants and Contributions (Continued)

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

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

1.8 Intangible Assets

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.9 Interests in Companies and Other Entities

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

1.10 Inventories and Long Term Contracts

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

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

1.11 Investment Property

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

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

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.

1.12 Leases (Continued)

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).

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

1.12 Leases (Continued)

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

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

The written-off value of disposals is not a charge against council tax, as the cost of 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.

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

Disposals

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

1.14 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2015/2016* (S*e*RCOP). 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 S*e*RCOP 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.

1.16 Property, Plant and Equipment (Continued)

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:

Current Value (Existing Use)	• 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	• 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	• Items which are not held primarily for delivery of council services and which are valued at the price that would be received to sell an asset in on the open market; • Includes investment properties.
Depreciated historic cost	• 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 current value.

1.16 Property, Plant and Equipment (Continued)

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, 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 deminimis 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).

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.

1.16 Property, Plant and Equipment (Continued)

• Vehicles, plant, furniture and equipment	- 5 to 7 years, this is deemed a reasonable estimation of the UEL of these types of assets.
• Infrastructure	- Over the UEL of the individual assets as estimated by the valuer or Project Officer; - These assets have an estimated UEL of between 30 - 60 years
• Specialist equipment	- Depreciated over the useful economic life (UEL) of the asset as estimated by a suitably qualified person; - Solar panels are being depreciated over 25 years

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

Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

The Council has taken the view that 'significant' means:
- The cost of the component is more than 25% of the cost of the asset as a whole; and
- The cost of the component is more than £500,000.

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

1.17 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:
- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service.

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

1.18 Provisions, Contingent Liabilities and Contingent Assets

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

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

1.20 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.21 VAT

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

1.22 Heritage Assets

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

Where Heritage Assets have been recognised in the Balance Sheet, the measurement basis (including the treatment of revaluation gains and losses) is in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets, and are accounted for as follows.

The Council does not, normally, purchase heritage assets

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

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

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

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

1.23 Council tax and Business Rates (NNDR)

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

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

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

The difference between the Collection Fund figures and those required in the 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

There is a requirement for authorities to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards introduced in the 2016/2017 Code that are relevant are:-

Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)

Annual Improvements to IFRSs 2010 – 2012 Cycle (see Appendix A of the Invitation to Comment (ITC) on the 2016/2017 Code for further details)

Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)

Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)

Annual Improvements to IFRSs 2012 – 2014 Cycle

Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)

The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis

It is not anticipated that the above amendments will have a material impact on the information provided in local authority financial statements i.e. there is unlikely to be a change to the reported information in the reported net cost of services or the Surplus or Deficit on the Provision of Services.

However, in the 2016/2017 year the comparator 2015/2016 Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement must reflect the new formats and reporting requirements as a result of the “Telling the Story” review of the presentation of local authority financial statements.

2. Prior Period Adjustments

There have been no prior period adjustments that impact on the 2015/2016 Statement of 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, which was £182k in 2015/2016. It has been determined that the Council has control of the Trust and should be treated as a subsidiary. However, due to the value of the leisure centre being revalued to nil in 2014/2015 the Council have decided not to prepare group accounts on the basis of immateriality.

• The 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 and a further 10% levy was paid in 2015/2016. We have provided for an additional 10% in long term provisions as we have not had any confirmation that this would be the final payment.

• The level of provision for business rate appeals under the business rate retention scheme has been calculated using historic appeals information. Those on the list at 31 March 2016 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.

• The Council is required to consider whether there are unlodged appeals in respect of Business Rate payments which could have a material impact on the Statement of Accounts. The current scheme, set up in 2013/2014, uses a baseline assessment of expected income from Business Rates. This has been used by DCLG to then set the risk that the council is exposed to from changes in income collected. This baseline has been set for 5 years.
Given the impact of the change in the Virgin Media assessment in 2014/2015 the income that the Council now receives has fallen against the original Baseline set.
Taking into account the Council's 2016/2017 projection of Income, growth, grant funding and the provision for appeals the risk that the Council is exposed to is calculated as £367,681. If the Council was to experience new appeals, if situations such as NHS Trusts being awarded charitable status arise, or that appeals currently provided for are more than expected then the Council would be liable for the first £367,861 of refunds. After which the Council would be in a safety net position and central government would be responsible for covering the cost of any further impact of appeals.
Whilst the Council is predicting limited growth in business rates income and until the Government reset the baseline funding assessment to take account of recent changes in rateable values, the Council does not consider itself to have a material liability in respect of unlodged appeals causing changes in Rateable Value.

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.

• The Council joined a Local Authority owned company, Ubico, on the 1 April 2015. This company provides a range of environmental services for the Council. During the year two other Local Council's joined, which has taken the number of owners up to a total of 6. Each Council has one £1 share interest in Ubico.
We are required to consider whether the Council has an interest in this company and whether the Council should produce Group Accounts.
Our conclusion is that Ubico represents a separate vehicle. However when considering joint arrangements, under IFRS12, our assessment is that on the test of whether there is Joint Control per section 9.1.2.10 of the code, there is no evidence to support this.
We have then considered whether under IAS28, that we have significant influence, per 9.1.2.22 of the Code. This is due to their being 6 equal shareholders, which means our interest in Ubico is below the 20% threshold which is an indication of holding significant influence. Other factors which we have considered include representation on the board, participation in policy making, material transactions and management influence. Our judgement is that there is no persuasive evidence that the Council has a significant level of control over the strategic direction and operation of Ubico. Therefore Group Accounts do not need to be produced.
The Council has accounted for the cost incurred in operating a service contract with Ubico and also the interest the Council has as a Shareholder, however the Council's statements do not reflect any interest in assets and liabilities that we have in the company.
Ubico's Statement of Accounts are available from Companies House,

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 2016 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 £307k and depreciation adjustment of £304k (due to in year revaluations) a large change in valuation or useful life could increase or decrease the depreciation charge quite substantially.

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value measurement	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's external valuer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 13 and 14 below.	The Council uses market rental and sales values, along with other inputs to measure the fair value of some of its investment properties The significant unobservable inputs used in the fair value measurement include comparative information based on limited rental evidence based on rental value and yields. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties.
Business Rates	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 2015/2016 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 2016. 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 2016.	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 representative of what will happen in future. There is a likelihood that some appeals will be settled differently to anticipated which could cause a large refund of previous years' rates. The provision this year is £1.84m (our share only) which is a large decrease from last year (£3.84m). The Council has set aside a reserve of £250,000 at the year end and committed £133,000 in the 2016/2017 budget to ensure that if appeals exceed expectation the Council has sufficient funds available to meet the shortfall in 2016/2017 until the Government safety net becomes operable.
Arrears	At 31 March 2016, the Council had a balance on doubtful debts of £1,289,692 of which £1,190,801 related to a general provision. Housing benefit general provision has increased from 65% to 80% due to the level of debts increasing, increased pressure on those on benefits and the future introduction of Universal Credit.	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)

<table>
<tr><th>Item</th><th>Uncertainties</th><th colspan="2">Effect if Actual Results Differ from Assumptions</th></tr>
<tr><td>Income from Garden Waste Payments</td><td>The calculation of Receipts in Advance in relation to garden waste is an estimation technique based on information available from the financial ledger showing income received in each period, rather than the renewal date that the payment relates to.
The information held in the ledger is not sufficient to identify the renewal date.

To fully allocate payments to the renewal date would require a significant investment of resources to investigate approximately 15,000 annual payments. This would ensure income is allocated to the correct period, and that at the year-end Receipts in Advance calculation to transfer into the next financial year is correct. However it is our view that as it would impact on all periods the year-end figure would not be significantly different from the Receipt in Advance figure in the financial statements.</td><td colspan="2">In the 2015/2016 financial statements the total income from garden waste was approximately £599k and the receipts in advance identified was £161k. Neither figure is material to the statements.

The council is satisfied that the estimation technique used is sufficient to produce materially accurate financial statements, whilst making best use of resources available.</td></tr>
<tr><td rowspan="6">Pensions Liability</td><td>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.</td><td colspan="2">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:</td></tr>
<tr><th>Change in assumptions at year ended 31 Mar 2016</th><th>Approx. % increase to Employer Liability</th><th>Approx. monetary amount (£'000)</th></tr>
<tr><td>0.5% decrease in Real Discount Rate</td><td>10%</td><td>6,895</td></tr>
<tr><td>1 year increase in member life expectancy</td><td>3%</td><td>2,055</td></tr>
<tr><td>0.5% increase in the Salary Increase Rate</td><td>3%</td><td>1,895</td></tr>
<tr><td>0.5% increase in the Pension Increase Rate</td><td>7%</td><td>4,910</td></tr>
</table>

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

2014/2015					2015/2016			
Usable Reserves					Usable Reserves			
General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000		General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
				Adjustments primarily involving the Capital Adjustment Account:				
				Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
-1,208			1,208	Charges for depreciation and impairment of non-current assets	-308			308
305			-305	Revaluation losses on Property Plant and Equipment	16			-16
176			-176	Movements in the market value of Investment Properties	207			-207
-49			49	Amortisation of intangible assets	-49			49
-783			783	REFCUS - Capital grants and contributions applied	-789			789
92			-92	Movement in the Donated Asset Account	0			0
-612			612	REFCUS – Capital receipts applied	-368			368
0			0	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-76			76
				Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
316			-316	Statutory provision for the financing of capital investment	0			0
0			0	Capital expenditure charged against the General Fund and HRA balances	116			-116
				Adjustments primarily involving the Capital Grants Unapplied Account:				
804		-804		Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	761		-761	
		796	-796	Application of grants to capital financing transferred to the Capital Adjustment Account			789	-789

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

2014/2015					2015/2016			
Usable Reserves					Usable Reserves			
General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000		General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
				Adjustments primarily involving the Capital Receipts Reserve				
160	-160			Transfer of cash sale proceeds credited as part of the gain/loss on disposal and other income to the Comprehensive Income and Expenditure Statement	283	-283		
	2,878		-2,878	Use of the Capital Receipts Reserve to finance new capital expenditure		6,959		-6,959
				Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals				
-14	14			Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-9	9		
	-20		20	Transfer from Deferred Capital Receipts Reserve upon receipt of cash		-12		12
				Adjustments primarily involving the Deferred Capital Receipts Reserve				
				Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement				
				Adjustments primarily involving the Financial Instruments Adjustment Account				
-24			24	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-24			24

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

2014/2015					2015/2016			
Usable Reserves					Usable Reserves			
General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000		General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
				Adjustments primarily involving the Pensions Reserve				
-2,444			2,444	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-2,458			2,458
2,147			-2,147	Employer's pensions contributions and direct payments to pensioners payable in the year	2,094			-2,094
				Adjustments primarily involving the Collection Fund Adjustment Account				
-4,945			4,945	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	1,721			-1,721
				Adjustments primarily involving the Available for Sale Adjustment Account				
				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	-8			8
				Adjustments primarily involving the Accumulated Absences Account:				
18			-18	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	-6			6
-6,061	**2,712**	**-8**	**3,357**	**Total Adjustments**	**1,103**	**6,673**	**28**	**-7,804**

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 2015/2016.

	Balance as at 31/03/2014 £'000	Net Movement 2014/2015 £'000	Balance as at 31/03/2015 £'000	Net Movement 2015/2016 £'000	Balance as at 31/03/2016 £'000
Asset Management Reserve	551	-255	296	40	336
Borough Regeneration Reserve	54	0	54	-43	11
Business Rates Reserve*	702	4,731	5433	-1,335	4098
Business Support Reserve	52	54	106	1	107
Business Transformation Reserve	259	81	340	-109	231
Community Safety Reserve	7	-4	3	-3	0
Community Support Reserve	0	15	15	103	118
Elections Reserve	8	2	10	54	64
Flood Support and Protection Reserve	504	-95	409	-154	255
Health & Leisure Development reserve	19	1	20	14	34
Housing & Homeless Reserve	47	-6	41	-1	40
Interest Equalisation Reserve	0	150	150	-150	0
MTFS Equalisation Reserve***	0	68	68	679	747
Organisational Development Reserve	93	-54	39	-12	27
Development Management Reserve	85	158	243	224	467
Development Policy Reserve	216	254	470	-153	317
Risk Management Reserve	88	-40	48	-22	26
Transport Initiatives Reserves	32	162	194	-194	0
Waste & Recycling Development Reserve	129	-4	125	-104	21
Horsford Reserve	20	10	30	9	39
Mayors Charity Reserve	8	4	12	-5	7
Planning Obligations Reserve**	1977	35	2012	429	2441
Totals	**4,851**	**5,267**	**10,118**	**-732**	**9,386**

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 2015/2016 as a result of the 2010 appeals relating to 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.

*** The MTFS Equalisation Reserve includes a contribution of £415,453 towards the 2016/2017 budget and £331,043 for future budget support.

8. Other Operating Expenditure

2014/2015 £'000		2015/2016 £'000
1,533	Parish Council Precepts	1,673
14	Payments to Government Housing Capital Receipts Pool	9
-1	Gains/Losses on Disposal Of Non-Current Assets	-171
-159	Other Income - Right to Buy Sales	-36
1,387		**1,475**

9. Financing & Investment Income & Expenditure

2014/2015 £'000		2015/2016 £'000
87	Finance Leasing Charges	0
0	Interest payable and Similar Charges	3
-185	Interest receivable and similar income	-118
1,216	Net interest on the net defined benefit liability	1,072
-176	Income and expenditure in relation to investment properties and changes in their fair value	-207
-141	Gain/loss on trading accounts (not applicable to a service)	-142
-1	Movement on available for sale investments	8
800		**616**

10. Taxation and Non Specific Grant Income and Expenditure

2014/2015 £'000		2015/2016 £'000
-4,650	Council Tax Income	-4,862
-1,063	Non-domestic rates income and expenditure	-1,240
-1,873	Revenue Support Grant	-1,319
-2,343	Other Non-Ring fenced Government Grants	-3,318
-93	Donated Asset Recognition	0
-804	Capital Grants and Contributions	-761
-10,826		**-11,500**

11. Property, Plant and Equipment

Movements in 2015/2016

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

11. Property, Plant and Equipment (Continued)

Comparative Movements in 2014/2015

	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Plant, Property & Equipment £'000
Cost or Valuation							
At 1 April 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)

Depreciation

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

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

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 2016 the Council has incurred £7.3m of costs associated with this contract. The facility is due to be completed and handed over to the operator by June 2016.

Effects of Changes in Estimates

In 2015/2016, the Council made no changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

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

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

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

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

	Other Land & Buildings	**Vehicles, Plant & Equipment**	**Community and Infrastructure Assets**	**Assets under Construction**	**TOTAL**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Carried at historical cost	0	3,111	306	0	**3,417**
Carried at cost incurred to date	0	0	0	7,370	**7,370**
Valued at current value	13,151	0	0	0	**13,151**
Total Cost or Valuation	**13,151**	**3,111**	**306**	**7,370**	**23,938**

12. Heritage Assets

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

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

Archaeological artefacts

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

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

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

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

Battle Trail Sites

The Battle of Tewkesbury was the climax of the War of the Roses between the 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.

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.

12. Heritage Assets (Continued)

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:

2014/2015 £'000		2015/2016 £'000
-139	Rental income from investment property	-140
-2	Direct operating expenses arising from investment property	-2
-141	**Net gain/(loss)**	**-142**

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:

2014/2015 £'000			2015/2016 £'000
3,150	**Balance 1 April**		**3,326**
	Additions:		
0		Purchases	0
0		Construction	0
0		Subsequent expenditure	0
0	Disposals		0
176	Net gains/losses from fair value adjustments		207
	Transfers:		
0		to/from Inventories	0
0		to/from Property, Plant and Equipment	0
	Other changes		
3,326	**Balance 31 March**		**3,533**

Fair Value Hierarchy

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

13. Investment Properties (Continued)

	Quoted prices in active markets for identical assets (level 1) £'000	Other significant observable inputs (level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair Value as at the 31st March £'000
Land	0	1,333	0	**1,333**
Commercial Units	0	1,730	0	**1,730**
Other	0	0	470	**470**
Total as at 31 March 2016	**0**	**3,063**	**470**	**3,533**

Prior year comparators are not required, as the clarification of calculation of fair value is prospective and does not require restatement of prior year figures.

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

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

Significant Observable Inputs – Level 2

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

Significant Unobservable Inputs – Level 3

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

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

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

The value of assets categorised within Level 3 as at the 31 March 2016 is £469,545 (value as at 31 March 2015 was £469,545). There has been no change in assets or their value during the financial year.

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

13. Investment Properties (Continued)

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

Valuation Process for Investment Properties

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

14. Financial Instruments

Categories of Financial Instruments

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

	Long-Term		Current	
	31/03/2015 £'000	31/03/2016 £'000	31/03/2015 £'000	31/03/2016 £'000
Investments				
Loans and receivables	0	0	7,025	2,007
Cash Equivalent Investments				
Loans and receivables	0	0	5,902	2,488
Available-for-sale financial assets	0	0	1,501	3,493
Total investments	**0**	**0**	**14,428**	**7,988**
Debtors (less any impairments)				
Loans and receivables	32	18	0	0
Financial assets carried at contract amounts	0	0	5,151	2,078
Total debtors	**32**	**18**	**5,151**	**2,078**
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	383	0	348	0
Total other long term liabilities	**383**	**0**	**348**	**0**
Creditors				
Financial liabilities carried at contract amount	0	0	1,537	1,249
Total creditors	**0**	**0**	**1,537**	**1,249**

14. Financial Instruments (Continued)

Income, Expense, Gains and Losses

	2014/2015			2015/2016		
	Financial Assets - Available for sale	**Financial Assets: Loans and receivables**	**TOTAL**	**Financial Assets - Available for sale**	**Financial Assets: Loans and receivables**	**TOTAL**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Surplus or Deficit on the Provision of Services						
Interest expense	0	0	**0**	0	3	**3**
Impairment losses/(reversal)	0	0	**0**	0	0	**0**
	0	**0**	**0**	**0**	**3**	**3**
Interest income	0	-186	**-186**	0	-118	**-118**
Interest income accrued on impaired financial assets	0	0	**0**	0	0	**0**
	0	**-186**	**-186**	**0**	**-118**	**-118**
Surplus or Deficit arising on revaluation of financial assets						
Gains on revaluation	-1	0	0	-7	0	-7
Total Charged to Other CIES	**0**	**0**	**0**	**-7**	**0**	-7
Net gain/(loss) for the year	**0**	**-186**	**-186**	**-7**	**-115**	**-122**

Fair Values of Assets and Liabilities

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

• No early repayment or impairment is recognised

• Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value

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

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

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

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

14. Financial Instruments (Continued)

Financial assets measured at fair value

Recurring fair value measurements	**Input level in fair value hierarchy**	**Valuation technique used to measure fair value**	**As at 31/3/2016**
			£'000
Available for sale:			
Equity Shares in Pooled Funds (liquidity funds)	Level 1	Multiply the price by the number of units held, using the bid price where quoted	3,493
Equity Shares in Ltd Company	Untradeable Shares	Historic cost of Share Capital	0

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

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

The Equity Share in the Ltd Company is in relation to UBICO ltd which is a teckal company owned by 6 District Councils. Each Council has £1 share capital equity in the company. The Shareholder agreement is that each interested body has an equal share interest. This interest cannot be traded and can only be realised on dissolving our interest in the company. Therefore it has no fair value and is held as a long term investment at historic cost.

All other significant financial liabilities and assets held by the Council are classified as loans and receivable and long term debtors and creditors and are carried in the balance sheet at amortised cost. This is considered as a reasonable estimate of their fair value.

15. Short Term Debtors

The Balances outstanding at 31 March are summarised as follows:

	2014/2015	**2015/2016**
	£'000	**£'000**
Central government bodies	2,495	4,501
Other local authorities	5,064	1,748
NHS bodies	1	0
Public corporations and trading funds	164	0
Other entities and individuals	2,153	2,764
Gross Debts	**9,877**	**9,013**
less Impairment Allowance	-832	-1,290
Total Net Debtors	**9,045**	**7,723**

16. Cash and Cash Equivalents

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

	2014/2015 £'000	2015/2016 £'000
Cash held by the Council	262	256
Bank current accounts	68	-155
Short-term deposits	7,403	5,980
Total Cash and Cash Equivalents	**7,733**	**6,081**

17. Short Term Creditors

The balances outstanding at 31 March are summarised as follows:

	2014/2015 £'000	2015/2016 £'000
Central government bodies	227	221
Other local authorities	595	505
NHS bodies	0	0
Public corporations and trading funds	0	0
Other entities and individuals	1,530	1,462
Total	**2,352**	**2,188**

18. Provisions

18.1 Short Term Provisions

	Outstanding Legal Cases £'000	Injury and Damage Compensation Claims £'000	Other Provisions £'000	Total £'000
Balance at 1st April 2015	**115**	**0**	**3,591**	**3,706**
Additional provisions made	19	0	924	**943**
Amounts used	84	0	3,451	**3,535**
Unused amounts reversed	2	0	70	**72**
Balance at 31 March 2016	**48**	**0**	**994**	**1,042**

18. Provisions (Continued)

18.2 Long Term Provisions

	Outstanding Legal Cases	Injury and Damage Compensation Claims	Other Provisions	Total
	£'000	£'000	£'000	£'000
Balance at 1st April 2015	**35**	**0**	**401**	**436**
Additional provisions made	11	0	924	**935**
Amounts used	0	0	354	**354**
Unused amounts reversed	0	0	0	**0**
Balance at 31 March 2016	**46**	**0**	**971**	**1,017**

Description of main provisions

Outstanding Legal Cases

There are several ongoing cases concerning VAT are currently being defended by Her Majesty's Revenue and Customs through the EU. The cases concern interest claims for the successful Fleming case and on Royal Mail fees.
In all cases the Council has utilised specialist VAT advisors and the provision reflects the level of charge anticipated on the conclusion of the cases. The resolution is not expected within the near future. Fuller details of the cases and the contingent asset associated with the cases 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 (personal land charge search companies). The result of the settlement is that individual councils will have to refund costs related to the APPS claim. The Council has made a provision of £43,167 in line with the notification from Bevan Brittan.

Other Provisions

A rent review and service charge provision relating to a property formally leased by the Council, totalling £69,400, has been retained on legal advice.

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

There is a provision of £1,848,030 at the 31 March 2016 relating to business rate appeals apportioned to the Council. Of this £772,000 is appeals relating to the Virgin Media telecommunications network. The remaining appeals are from a range of organisations that have submitted appeals to the Valuation Office agency.

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.

2014/2015 £'000		2015/2016 £'000
3,397	**Balance at 1 April**	**4,705**
1,394	Upward revaluation of assets & reversal of previous impairment losses	304
0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0
-86	Difference between fair value depreciation and historical cost depreciation	-48
0	Accumulated gains on assets sold or scrapped	-95
4,705	**Balance at 31 March**	**4,866**

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.

20.2 Capital Adjustment Account (Continued)

2014/2015 £'000		2015/2016 £'000
11,873	**Balance at 1 April**	**13,873**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
-1,208	Charges for depreciation and impairment of non-current assets	-308
306	Revaluation losses on Property, Plant and Equipment	16
-49	Amortisation of intangible assets	-49
-783	Revenue expenditure funded from capital under statute from Capital Grants	-789
-612	Revenue expenditure funded from capital under statute from Capital Receipts	-368
86	Adjusting amounts written out of the Revaluation Reserve	48
0	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	731
0	Release of Long Term Liability as a result of novation of Vehicle lease contract.	-712
	Capital financing applied in the year:	
2,878	Use of the Capital Receipts Reserve to finance new capital expenditure	6,960
797	Application of grants to capital financing from the Capital Grants Unapplied Account	789
316	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	0
	Capital expenditure charged against the General Fund	116
176	Movements in the market value of Investment and donated properties debited or credited to the Comprehensive Income and Expenditure Statement	207
93	Movements in the value of Heritage asset recognised in Balance Sheet, debited or credited to the Comprehensive Income and Expenditure Statement	0
13,873	**Balance at 31 March**	**20,514**

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.

20.3 Pensions Reserve (Continued)

2014/2015 £'000		2015/2016 £'000
-28,707	**Balance at 1 April**	**-33,845**
-4,841	Remeasurements of the net defined benefit liability/(asset)	6,356
-2,444	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	-2,458
2,147	Employer's pensions contributions and direct payments to pensioners payable in the year	2,094
-33,845	**Balance at 31 March**	**-27,853**

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.

2014/2015 £'000		2015/2016 £'000
-894	**Balance at 1 April**	**-5,839**
-4,945	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	1,721
-5,839	**Balance at 31 March**	**-4,118**

21. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2014/2015 £'000		2015/2016 £'000
	Specific Inflows	
-198	Interest received	-128
0	Interest paid	3
0	Dividends received	0

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

21. Cash Flow Statement – Operating Activities (Continued)

2014/2015 £'000		2015/2016 £'000
-1208	Depreciation	-308
482	Impairment & downward valuations	215
-49	Amortisation	-49
-249	Increase in impairment for bad debts	-458
174	Increase in creditors	113
4677	Increase in debtors	-2276
2	Increase in Inventories	-5
-297	movement in pension liability	-364
174	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	207
-3882	Other non-cash items charged to the net surplus or deficit on the provision of services	2083
-176		**-842**

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

2014/2015 £'000		2015/2016 £'000
2,078	Purchase of property, plant and equipment, investment property and intangible assets	6,759
25,000	Purchase of short-term and long-term investments	5,500
0	Other payments for investing activities	0
-90	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-418
-32,000	Proceeds from shot-term and long-term investments	-10,500
0	Other receipts from investing activities	0
-5,012	**Net cash flows from investing activities**	**1,341**

23. Cash Flow Statement – Financing Activities

2014/2015 £'000		2015/2016 £'000
0	Cash receipts of short- and long-term borrowing	-2,000
0	Other receipts from financing activities	0
316	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0
0	Repayments of short- and long-term borrowing	2,000
2,352	Other payments for financing activities	1,524
2,668	**Net cash flows from financing activities**	**1,524**

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.

2015/2016

	Chief Executive £'000	Corporate Services £'000	Democratic services £'000	Deputy Chief Executive £'000	Development Services £'000	Environment and Housing £'000	Finance and Assets £'000	One Legal £'000	Revenue and Benefits £'000	Outturn Report to Executive Committee £'000
Fees, charges & other service income	0	-3	8	0	-1,711	-1,623	-1,912	-1,208	-151	**-6,600**
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0	0	**0**
Interest and investment income	0	0	0	0	0	0	-118	0	0	**-118**
Income from council tax	0	0	0	0	0	0	0	0	0	**0**
Government grants and contributions	0	-8	-126	0	-987	-313	-8	-3	-19,033	**-20,478**
Total Income	**0**	**-11**	**-118**	**0**	**-2,698**	**-1,936**	**-2,038**	**-1,211**	**-19,184**	**-27,196**
Employee expenses	227	769	300	110	1,399	979	2,484	1,160	766	**8,194**
Premises	0	0	11	0	41	-70	572	0	0	**554**
Transport	3	6	20	3	42	36	12	16	11	**149**
Supplies & Services	4	358	465	3	744	132	592	78	154	**2,530**
Third Party payments	1	30	53	0	237	3,874	200	161	26	**4,582**
Welfare payments	0	0	0	0	0	0	0	0	18,711	**18,711**
Other service expenses	0	0	0	0	0	0	0	0	0	**0**
Support Service recharges	0	0	0	0	0	0	0	0	0	**0**
Capital adjustments	0	0	0	0	0	0	0	0	0	**0**
Interest payments	0	0	0	0	0	0	3	0	0	**3**
Precepts & Levies	0	0	0	0	0	0	0	0	0	**0**
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	0	**0**
Total expenditure	**235**	**1,163**	**849**	**116**	**2,463**	**4,951**	**3,863**	**1,415**	**19,668**	**34,723**
(Surplus) or deficit on the provision of services	**235**	**1,152**	**731**	**116**	**-235**	**3,015**	**1,825**	**204**	**484**	**7,527**

24. Amounts Reported for Resource Allocation Decisions (Continued)

The information presented in 2015/2016 is in a different format from 2014/2015 as the reports to members have been amended this year to provide a further breakdown of costs by Service. The table above reconciles the information provided to members by the Service Structure and then summarised in total, whereas in previous year this information was only provided in a summary format as shown below.

	2014/2015			
Analysis Level	**Full Year Budget**	**Profiled Q4 Budget**	**Actual**	**Savings / (Deficit)**
	£'000	**£'000**	**£'000**	**£'000**
Employees	8,931	8,931	9,143	-212
Premises	766	766	776	-10
Transport	854	854	837	17
Supplies & Services	2,137	2,137	2,127	10
Third Party Payments	1,003	1,003	1,048	-45
Benefit Payments	19,176	19,176	18,899	277
Capital Adjustments	985	985	952	33
Income	-24,992	-24,992	-25,160	168
Treasury Management Activity	-271	-271	-240	-31
TOTAL	**8,589**	**8,589**	**8,382**	**207**

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.

	2014/2015 £'000	**2015/2016 £'000**
Net expenditure in the subjective analysis	8,382	7,527
Corporate Amounts included in subjective analysis	-606	-825
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	1,657	2,336
Cost of Services in Comprehensive Income and Expenditure Statement	**9,433**	**9,038**

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.

2015/2016	Outturn Report	Corporate Amounts reported to Committee	Amounts not reported to management for decision making	Allocation of Recharges & Removal of Holding Codes	CIES Cost of Services	Other Income	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-6,600	-144	-19	-1,466	**-5,009**	-14,299	**-19,308**
Surplus or deficit on associates and joint ventures	0	0	0	0	**0**	0	**0**
Interest and investment income	-118	-118	0	0	**0**	-262	**-262**
Income from council tax	0	0	0	0	**0**	-4,862	**-4,862**
Government grants and contributions	-20,478	0	-824	0	**-21,302**	-5,398	**-26,700**
Total Income	**-27,196**	**-262**	**-843**	**-1,466**	**-26,311**	**-24,821**	**-51,132**
Employee expenses	8,194	1,072	511	0	**7,633**	1,072	**8,705**
Other Supplies and Services	26,526	0	1,170	0	**27,696**	13,023	**40,719**
Other service expenses	0	0	0	1,466	**-1,466**	0	**-1,466**
Support Service recharges	0	3	0	0	**-3**	0	**-3**
Capital Adjustments	0	0	1,498	0	**1,498**	-370	**1,128**
Interest Payments	3	3	0	0	**0**	5	**5**
Precepts & Levies	0	0	0	0	**0**	1,673	**1,673**
Payments to Housing Capital Receipts Pool	0	9	0	0	**-9**	9	**0**
Total expenditure	**34,723**	**1,087**	**3,179**	**1,466**	**35,349**	**15,412**	**50,761**
(Surplus) or deficit on the provision of services	**7,527**	**825**	**2,336**	**0**	**9,038**	**-9,409**	**-371**

24. Amounts Reported for Resource Allocation Decisions (Continued)

2014/2015	Outturn Report	Corporate Amounts reported to Committee	Amounts not reported to management for decision making	Allocation of Recharges & Removal of Holding Codes	CIES Cost of Services	Other Income	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Fees, charges & other service income	-5,593	297	-643	914	**-5,025**	-18,693	**-23,718**
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	**-25,399**	**627**	**-1,589**	**914**	**-25,447**	**-28,693**	**-54,140**
Employee expenses	9,143	-1,216	448		**8,375**	0	**8,375**
Other service expenses	23,686	-17	1,403	428	**25,500**	18,504	**44,004**
Support Service recharges	0	0	0	-1,342	**-1,342**	0	**-1,342**
Capital adjustments	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	**33,781**	**-1,233**	**3,246**	**-914**	**34,880**	**20,054**	**54,934**
(Surplus) or deficit on the provision of services	**8,382**	**-606**	**1,657**	**0**	**9,433**	**-8,639**	**794**

25. Agency Services

The Council provides payroll services for the Tewkesbury Museum, Wheatpieces Parish Council and Tewkesbury Town Council involving the payment of around £96,500 to employees and £37,000 to Her Majesty's Revenue and Customs. The three organisations pay a management fee of some £700.

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

Legal Shared Service

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

A summary of the expenditure incurred in respect of the activity, which is not included in the Comprehensive Income and Expenditure Statement is as follows:

	2014/2015 £'000	**2015/2016 £'000**
Employee Costs	488	820
Transport Costs	7	11
Supplies & Services	185	170
Agency & Contracted Services	4	18
Income	-176	-243
Total Amount Reimbursed	**508**	**776**

26. Members' Allowances

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

	2014/2015 £'000	**2015/2016 £'000**
Allowances	326	326
Mileage & Subsistence	11	11
Other Expenses	1	1
Total Reimbursement	**338**	**338**

The above figures include a basic allowance for each member of £7,200 (2014/2015 £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 £'000	Bonuses £'000	Expenses Allowances £'000	Compensation for loss of Office £'000	Pension Contributions £'000	Total Remuneration £'000
Current Posts								
Chief Executive		2015/2016	111	0	0	0	16	**127**
		2014/2015	111	0	0	0	16	**127**
Deputy Chief Executive	1	2015/2016	88	0	0	0	13	**101**
		2014/2015	85	0	0	0	12	**97**
Borough Solicitor	2	2015/2016	81	0	0	0	12	**93**
		2014/2015	78	0	0	0	12	**90**
Section 151 Officer	3	2015/2016	73	0	0	0	11	**84**
(Chief Finance Officer)		2014/2015	56	0	0	0	8	**64**
Total		**2015/2016**	**353**	**0**	**0**	**0**	**52**	**405**
		2014/2015	**330**	**0**	**0**	**0**	**48**	**378**

Notes
1. Following a local pay review effective from the 1 April 2015, the salary of the Deputy Chief Executive increased from £84,750 to £87,000.
2. Following a local pay review effective from the 1 April 2015, the salary of the Borough Solicitor increased from £78,000 to £80,250.
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.
3. Following a local pay review effective from the 1 April 2014, the salary of the Section 151 office increased from £56,000 to £64,500. The salary payments in 2015/2016 included the back pay due for previous year as well as the annual salary.

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		**Number Of Employees 2014/2015 Total**	**2015/2016 Total**
£50,000	£54,999	2	3
£55,000	£59,999	2	1
£60,000	£64,999		1
£65,000	£69,999		1
£70,000	£74,999		
£75,000	£79,999		
£80,000	£84,999		
£85,000	£89,999		
£90,000	£94,999		
		4	**6**

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

Exit package cost band (including special payments) £	**Number of compulsory redundancies**		**Number of other departures agreed**		**Total number of exit packages by cost band**		**Total cost of exit packages in each band**	
	2014/2015	**2015/2016**	**2014/2015**	**2015/2016**	**2014/2015**	**2015/2016**	**2014/2015 £'000**	**2015/2016 £'000**
0 - 20,000	0	0	2	1	2	1	9	7
20,001 - 40,000	0	1	0	0	0	1	0	21
40,001 - 60,000	0	0	0	0	0	0	0	0
60,001 - 80,000	0	0	0	0	0	0	0	0
Total	**0**	**1**	**2**	**1**	**2**	**2**	**9**	**28**

Termination Benefits
Two termination agreements were made with officers during the year which involved a benefit payment; these were made as part of operational processes and efficiency decisions taken by the Council. One was in the Policy and Performance Service and one was in the Finance and Asset Management Service. The Council has a policy of not providing enhancements to pensions (i.e. added years). The table above provides detail of the terminations provided for in the year.

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:

	2014/2015 £'000	2015/2016 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor.	60	45
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.	13	9
Fees payable in respect of other services provided by Grant Thornton.	0	0
	73	**54**

29. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/2016:

	2014/2015 £'000	2015/2016 £'000
Credited to Taxation and Non Specific Grant Income		
S.31 Grants & Contributions (supporting the NNDR regime)	-78	-159
Revenue Support Grant	-1,873	-1,319
Homes Bonus Grant	-1,870	-2,747
Council Tax Freeze Grant	-33	-34
Small Business Relief Grant	-362	-378
	-4,216	-4,637
Capital Grants		
Disabled Facilities Grants	-442	-497
Flood Relief Grants	-315	-264
Other Capital Grants	-47	0
	-804	-761
Total	-5,020	-5,398
Grants Credited to Services		
Dept. Communities & Local Government Grants		
Local Taxation Administration Grants	-199	-190
Capability Funding Grant	-179	-268
Flooding Relief Grants	-93	0
Other DCLG Grants	-80	-111
Elections	0	-101

29. Grant Income (Continued)

Dept. Work & Pensions Grants		
Housing Benefit Administration & Associated Grants	-93	-267
Housing Benefit Grant	-19,003	-18,496
Other DWP Grants	-5	-52
Homes & Communities		
LSIF Funding	0	-330
Cabinet Office		
European Elections	-99	0
Other Grants	-27	-23
Other Government Grants	-22	-2
Contributions Credited to Services		
Gloucestershire County Council Contributions		
Large Sites Infrastructure Fund	0	-229
Waste Incentive Contributions	-100	-100
Youth Offending	-50	-50
Flood Works and Water Management	0	-144
Other GCC contributions	-35	-32
Other Contributions from Government bodies	-51	-86
Contributions in relation to S.106 agreements	-476	-822
Total	**-20,512**	**-21,303**
Grand Total	**-25,532**	**-26,701**

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

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2015/2016 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.

30. Related Party Transactions (Continued)

During the year we had an arrangement to share our Monitoring Officer with Cheltenham Borough Council. As this is a senior role with independent statutory powers it is disclosed within note 27.

a Other Public Bodies

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

Precepts for the County and the Police Authority are shown in the Collection Fund on page 88. Parish Precepts are shown in the Comprehensive Income and Expenditure Account on page 20.

In addition to council tax and business rate precepts, the Council also made payments of £824,065 for both grants and services to Gloucestershire County Council. Eight Borough Council members are also members of the County Council.

The Council provides grant funding which is available to parish councils. Many Borough Members are also parish council representatives. Below is an analysis of significant funding awards made to Parish Councils during 2015/2016

		No. of Members	**Payments other than precepts (Inc. VAT) £'000**
Parish Councils:	Bishop's Cleeve	2	8
	Churchdown	3	24
	Northway	2	36

b Tewkesbury Swimming Baths Trust

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

	2014/2015 £'000	**2015/2016 £'000**
Deficit funding	158	182

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.
Individual Borough Councillors declared the following significant related parties to the Head of Finance & Asset Management:

30. Related Party Transactions (Continued)

Related Party	No. of Members	Payments 2015/2016 £'000
University of Gloucestershire	1	6
Cleeve Common Board of Conservators	2	25
UBICO Ltd	1	4,248
Severn & Avon Valley Flood group	1	10
GL3 Hub	1	8
Tewkesbury Rugby Club	2	70
Shurdington Social Club	1	16
Northway Youth Club	1	8
Priors Park Neighbourhood Project	1	9
Severn Vale Housing Association	1	4

Officers

No significant related parties were declared by Senior Officers of Tewkesbury Borough Council.

Entities Controlled or Significantly Influenced by the Council

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.

	2014/2015 £'000	2015/2016 £'000
Opening Capital Financing Requirement	**1,047**	**731**
Capital Investment		
Property Plant & Equipment	2,207	6,708
Intangible assets	73	0
Revenue Expenditure Funded from Capital Under Statute	1,395	1,157
Purchase of Share Capital	0	0
	3,675	7,865
Sources of finance		
Capital receipts	-2,878	-6,960
Government grants and other contributions	-797	-789
Sums set aside from revenue:		
Direct Revenue Contributions	0	-116
Minimum Revenue Provision	-316	-731
	-3,991	-8,596
Closing Capital Financing Requirement	**731**	**0**
Explanation of movements in year		
Increase in underlying need to borrowing (supported by Government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by Government financial assistance)	0	0
Disposal / Minimum Revenue Provision - Finance lease	-316	-731
Assets acquired under finance leases	0	0
Increase/(decrease) in Capital Financing Requirement	**-316**	**-731**

Due to the novation of the vehicle contract to Ubico Ltd the Council no longer has a liability for a finance lease on the refuse vehicles. The liability and the assets have been removed from the Balance sheet and the requirement for borrowing has been derecognised. The Council therefore no longer has a CFR as at the 31 March 2016, as it has no debts or other liabilities which it has to finance in relation to the purchase of capital assets.

32. Defined Benefit Pension Schemes

32.1 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.

32. Defined Benefit Pension Schemes (Continued)

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.

32.2 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	**2014/2015 £'000**	**2015/2016 £'000**
Cost of Services:		
- Current service cost	1,325	1,386
- Past service cost (including curtailments)	0	-
- Gain/(loss) on settlements	-97	-
Financing and Investment Income and Expenditure		
- Net interest expense	1,216	1,072
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**2,444**	**2,458**
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)	-3,996	1,248
- Actuarial gains and losses arising on changes in demographic assumptions	0	
- Actuarial gains and losses arising on changes in financial assumptions	9,360	- 6,525
- Other	-523	- 1,079
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**7,285**	**-3,898**

b). Movement in Reserves Statement	**2014/2015 £'000**	**2015/2016 £'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	-2,444	-2,458
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers' contributions payable to scheme	2,147	2,094

32. Defined Benefit Pension Schemes (Continued)

32.3 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:

	2014/2015 £'000	2015/2016 £'000
Present value of the defined benefit obligation	74,322	68,514
Fair value of plan assets	-40,477	- 40,661
Net liability arising from defined benefit obligation	**33,845**	**27,853**

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

	2014/2015 £'000	2015/2016 £'000
Opening fair value of scheme assets at 1 April	**38,318**	**40,477**
Interest income	1,650	1,297
Effect of Settlements	-3,671	0
Remeasurement gain/(loss):		
- The return on plan assets, excluding the amount included in the net interest expense	3,996	-1,248
- Other (if applicable)		
The effect of changes in foreign exchange rates	0	0
Contributions from employer	2,147	2,094
Contributions from employees into the scheme	370	325
Benefits paid	-2,333	-2,284
Closing fair value of scheme assets at 31 March	**40,477**	**40,661**

32.5 Reconciliation of Present Value of the Scheme Liabilities:

	2014/2015 £'000	2015/2016 £'000
Opening balance at 1 April	**67,025**	**74,322**
Current service cost	1,325	1,386
Effect of Settlements	-3,768	
Interest cost	2,866	2,369
Contributions from scheme participants	370	325
Remeasurement gain/(loss):		
- Actuarial gains/losses arising from changes in demographic assumptions	0	0
- Actuarial gains/losses arising from changes in financial assumptions	9,360	- 6,525
- Other	-523	- 1,079
Past service cost	0	0
Benefits paid	-2,333	- 2,284
Closing balance at 31 March	**74,322**	**68,514**

32. Defined Benefit Pension Schemes (Continued)

32.6 Local Government Pension Scheme assets comprised:

	Period Ended 31 March 2015				**Period Ended 31 March 2016**			
	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
Asset category								
Equity Securities	7,441	0	**7,441**	**18%**	7,814	0	**7,814**	**19%**
Debt Securities	6,683	0	**6,683**	**17%**	6,529	0	**6,529**	**16%**
Private Equity		121	**121**	**0%**	0	119	**119**	**0%**
Real Estate	2,007	903	**2,910**	**7%**	2,218	1,007	**3,225**	**8%**
Investment Funds and Unit Trusts	3,091	19,621	**22,712**	**56%**	3,137	19,394	**22,531**	**56%**
Derivatives	-2	0	**-2**	**0%**	-4	0	**-4**	**0%**
Cash and Cash Equivalents	612	0	**612**	**2%**	446	0	**446**	**1%**
Totals	**19,832**	**20,645**	**40,477**	**100%**	**20,140**	**20,520**	**40,660**	**100%**

32. Defined Benefit Pension Schemes (Continued)

32.7 Basis for Estimating Assets and Liabilities

An estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The figures disclosed below have been derived by suitable approximation methods from the full actuarial valuation of the Fund carried out by Hymans Robertson LLP as at 31 March 2013. The next formal valuation will be as at 31 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 duration similar to that of a ‘typical’ LGPS employer.

The discount rate as at 31 March 2016 has followed the same principles to those adopted at 31 March 2015. 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:

	2014/2015	**2015/2016**
Long-term expected rate of return on assets in the scheme:		
Equity investments	3.2%	3.4%
Bonds	3.2%	3.4%
Property	3.2%	3.4%
Cash	3.2%	3.4%
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	2.4%	2.2%
Rate of increase in salaries	3.8%	3.7%
Rate of increase in pensions	2.4%	2.2%
Rate for discounting scheme liabilities	3.2%	3.5%

32.8 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.

32. Defined Benefit Pension Schemes (Continued)

32.9 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.

Impact on the Defined Benefit Obligation in the scheme

Change in assumptions at year ended 31 Mar 2016	Approx. % increase to Employer Liability	Approx. monetary amount (£'000)
0.5% decrease in Real Discount Rate	10%	6,895
1 year increase in member life expectancy	3%	2,055
0.5% increase in the Salary Increase Rate	3%	1,895
0.5% increase in the Pension Increase Rate (CPI)	7%	4,910

32.10 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 2017	14.7%	plus	1,533

33. 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 and included the assets and liabilities in respect of this lease within the Balance Sheet. On the 1 April 2015 the Council novated the contract for the vehicle leases to Ubico Ltd. This was part of the agreement for Ubico Ltd to provide our waste and recycling services. As the liability for this contract has now been passed to Ubico Ltd, the Council no longer has a liability in respect of the vehicle lease with C P Davidson. The liability for the lease has therefore been removed from the financial statements.

Operating Leases

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

Land Land for Bishops Walk Car Park

33. Leases (Continued)

Vehicles	Street Cleansing and Grounds Maintenance Equipment
Equipment	Ricoh Photocopiers & Printers lease
	Danwood Photocopiers & Printers lease
	Xerox Photocopiers & Printers lease

The liability has reduced from the previous year as the council has surrendered the lease agreement for the depot site in Cheltenham from the 1 April 2015 as part of agreement with UBICO for them to provide waste and recycling services.

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

	31 March 2015 £'000	31 March 2016 £'000
Not later than one year	48	66
Later than one year and not later than five years	190	229
Later than five years	107	107
	345	**402**

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

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

	2014/2015 £'000	2015/2016 £'000
Minimum Lease Payments	97	72
Contingent Rents	0	0
	72	**72**

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)

33. Leases (Continued)

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

	31 March 2015 £'000	31 March 2016 £'000
Not later than one year	243	202
Later than one year and not later than five years	832	795
Later than five years	1,330	1,195
	2,405	**2,192**

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:

2014/2015 £'000	2015/2016 £'000
120	107

The figures include leases starting after 31 March 2016 which were signed before the accounts were completed.

Note 34. Nature and extent of risks arising from financial instruments

The Council's activities expose it to a variety of financial risks:

- **Credit risk -** the possibility that other parties might fail to pay amounts due to the Council
- **Liquidity risk -** the possibility that the Council might not have funds available to meet its commitments to make payments
- **Market risk -** the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates, inflation rates and stock market movements

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.
The Council has a risk management strategy and a corporate risk register is in place which is reported to Audit Committee on a quarterly basis. All significant projects are also supported with risk registers. Operational type risks are dealt with through normal business dialogue. Risk is a standing agenda item on the Corporate Management Team agenda and all committee reports have a risk implications box.

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

The strategy for the previous year was approved on the 19 February 2015

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

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

Note 34. Nature and extent of risks arising from financial instruments (Continued)

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 payments stop whereas debtors for statutory services may be dealt with more leniently. Financial checks are carried out for some customers depending on the contract values.

Specified Investments

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

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

The Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.
The Council uses long-term credit ratings from the three main rating agencies Fitch Ratings Ltd, Moody’s Investors Service Inc. and Standard & Poor’s Financial Services LLC to assess the risk of investment default. The lowest available credit rating will be used to determine credit quality unless an investment specific rating is available.

Current account bank

Following a banking tender in 2015, the Council's current account continues to be held with Barclays PLC, which is currently above the minimum BBB+ rating 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).

Note 34. Nature and extent of risks arising from financial instruments (Continued)

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.

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.

	Rating	Amount outstanding at 31st March 2016	Historical experience of default (adj. for market conditions)	Estimated maximum exposure to default and uncollectability at 31st March 2015	Estimated maximum exposure to default and uncollectability at 31st March 2016
		£'000	%	£'000	£'000
Customers		718	0.15	2	1

The Council does not generally allow credit for customers. Currently £218k of the £721k 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 2015	31st March 2016
	£'000	£'000
Less than three months	88	69
Three to six months	62	95
Six Months to one year	16	27
More than one year	50	28
TOTAL	**216**	**219**

Note 34. Nature and extent of risks arising from financial instruments (Continued)

Liquidity Risk

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. As the Council has ready access to borrowings from the Public Works Loan Board and an active lending market, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. With total investments of £2m, of which all are maturing in less than a year (and cash and cash equivalents of £6m) 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	2016/2017	2017/2018	2018/2019
Limit on principal invested beyond year end	£2m	£2m	£2m

The maturity analysis of financial liabilities is as follows:

	31st March 2015 £'000	**31st March 2016 £'000**
Less than one year	2	0
More than five years	0	0
TOTAL	**2**	**0**

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 of 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.

Note 34. Nature and extent of risks arising from financial instruments (Continued)

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 2015/2016.

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.

35. Trust Funds

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

Sole Trustee

The Horsford Trust

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

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

	2014/2015 £'000	2015/2016 £'000
Income	11	11
Expenditure	1	2

Reserve held on behalf of the Trust is carried in our balance sheet. In 2015/2016 it was £38,974 (£30,462 in 2014/2015).

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

One of several trustees

Tewkesbury Swimming Bath Trust

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

The Trust was established 'to provide and maintain a swimming bath for the use of the inhabitants of the beneficial area'. Cascades Leisure Centre 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.

36. Contingent Assets

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

37. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance & Asset Management on 23 June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

THE COLLECTION FUND

Income and Expenditure Statement

2014/2015 £'000 Business rates	2014/2015 £'000 Council Tax	2014/2015 £'000 Total		Note	2015/2016 £'000 Business rates	2015/2016 £'000 Council Tax	2015/2016 £'000 Total
			Income				
0	45,061	**45,061**	Council Tax Receivable		0	46,187	**46,187**
			Transfer from General Fund:				
0	0	**0**	Council Tax Benefits		0	0	**0**
29,911	0	**29,911**	Business Rates Receivable		28,317	0	**28,317**
29,911	**45,061**	**74,972**	**Total Income**		**28,317**	**46,187**	**74,504**
			Expenditure				
			Precepts, Demands and Shares				
17,885	0	**17,885**	Payments to Central Government		17,514	0	**17,514**
14,308	4,542	**18,850**	Tewkesbury Borough Council		14,011	4,757	**18,768**
3,577	33,028	**36,605**	Gloucestershire County Council		3,503	33,843	**37,346**
0	6,292	**6,292**	Gloucestershire Police Authority		0	6,447	**6,447**
124	0	**124**	Cost of Collection Allowance		124	0	**124**
35,894	**43,862**	**79,756**			**35,152**	**45,047**	**80,199**
			Bad and Doubtful Debts:				
163	127	**290**	Write Offs		374	134	**508**
-35	34	**-1**	Provisions		-80	7	**-73**
6,580	0	**6,580**	Provision for appeals		-4,891	0	**-4,891**
6,708	**161**	**6,869**			**-4,597**	**141**	**-4,456**
-227	660	**433**	**Transfer of Collection Fund Surplus**	**4**	-6,530	980	**-5,550**
42,375	**44,683**	**87,058**	**Total Expenditure**		**24,025**	**46,168**	**70,193**
-12,464	**378**	**-12,086**	**Surplus/(Deficit)**		**4,292**	**19**	**4,311**
			Movement on Fund	**4**			
-2,474	934	**-1,540**	Balance at 1st April		-14,938	1,312	**-13,626**
-12,464	378	**-12,086**	Surplus/(Deficit)		4,292	19	**4,311**
-14,938	**1,312**	**-13,626**	**Balance as at 31st March**		**-10,646**	**1,331**	**-9,315**
			Allocated to:				
-7,469	0	**-7,469**	Central Government		-5,323	0	**-5,323**
-5,975	137	**-5,838**	Tewkesbury Borough Council		-4,258	140	**-4,118**
-1,494	987	**-507**	Gloucestershire County Council		-1,065	1,002	**-63**
0	188	**188**	Gloucestershire Police Authority		0	189	**189**
-14,938	**1,312**	**-13,626**			**-10,646**	**1,331**	**-9,315**

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

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

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

2. Council Tax

2.1 Council Tax Property Valuations

Residential properties are classified by the District Valuer into eight bands based on their estimated value at 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 2015/2016 the tax base was £31,034 compared to £30,287.37 in 2014/2015. This increase was due to property growth during the 2014/2015 financial year.

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

The 2015/2016 base was calculated as follows:

Band	Number of Chargeable Dwellings	Multiplier	Band D Equivalents
Z	10.25	5/9	5.69
A	3,662.90	6/9	2,441.93
B	4,620.89	7/9	3,594.03
C	8,632.93	8/9	7,673.72
D	4,933.05	9/9	4,933.05
E	4,320.42	11/9	5,280.51
F	2,737.07	13/9	3,953.55
G	1,691.35	15/9	2,818.92
H	166.05	18/9	332.10
Total Band D Equivalents			31,033.50
Collection Rate			98.50%
Chargeable Band D Equivalents			30,568.00
Armed Forces class 'O' contributions in lieu of Council Tax			466
Council Tax Base 2015/2016			31,034.00

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:

	2014/2015 £'000	2015/2016 £'000
Gloucestershire County Council	33,028	33,843
Police Authority	6,292	6,447
Tewkesbury Borough Council	3,009	3,084
Total for Parishes	1,533	1,673
	43,862	**45,047**

The Council set an average council tax level for 2015/2016 at Band D of £1,451.50, including Parish precepts, compared to £1,448.20 in 2014/2015. This is broken down as follows:

	2014/2015 £	2015/2016 £
Gloucestershire County Council	1,090.50	1,090.50
Police Authority	207.73	207.73
Tewkesbury Borough Council	149.97	153.27
	1,448.20	**1,451.50**

The tax level for Parish budgets ranged from nil to £87.96

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 £81,272,396 at 31st March 2016 (£82,444,171 at 31st March 2015), multiplied by a uniform rate in the pound set by Central Government. In 2015/2016 the government provided a reduced rate for businesses with small rateable values of less than £18,000 (£18,000 in 2014/2015). For 2014/2015 this was set at 48.0p (2014/2015 47.1p), with the standard rate in the pound being 49.3p (2014/2015 48.2p) for the year.

4. Movements on Fund Balance

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

	Council Tax	**Total**
	£'000	**£'000**
Balance at 1 April 2015	***1,312***	***1,312***
Income 2015/2016	46,046	46,046
Precepts 2015/2016	45,047	45,047
Surplus Distributed 2015/2016	980	980
Balance at 31 March 2016	**1,331**	**1,331**
Committed Distribution 2016/2017	980	980
Balances for distribution 2017/2018	**351**	**351**

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.

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

Opinion on the financial statements

We have audited the financial statements of Tewkesbury Borough Council (the "Authority") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

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

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

As explained more fully in the Statement of the Head of Finance and Asset Management's Responsibilities, the Head of Finance and Asset Management is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Tewkesbury Borough Council as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters

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

Matters on which we report by exception

We are required to report to you if:

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code of Audit Practice"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects, Tewkesbury Borough Council has put in place proper arrangements for securing value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Certificate

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

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

Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

21 September 2016

GLOSSARY OF FINANCIAL TERMS

Accounting Policies

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

Accruals

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

Actuarial Gains and Losses

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

Capital Receipts

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

Capital Expenditure

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

Cash Equivalents

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

Creditor

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

CIPFA

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

Contingent Asset

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

Contingent Liability

A contingent liability is either:

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

Control

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

Current Service Cost

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

Depreciation

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

Dominant Influence

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

Entity

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

External Audit

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

Fair Value

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

Financial Regulations

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

Financial Year

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

General Fund (GF)

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

Government Guidelines

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

Gross Expenditure

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

Group

A reporting authority and its subsidiary entities.

Housing Benefits

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

Housing Subsidy

Subsidies payable by Central Government to reduce housing costs.

Interest on Revenue Balances (or interest receipts)

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

Internal Audit

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

IFRS

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

Inventories

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

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

Liability

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

Material

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

Minority Interest

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

Minimum Revenue Provision

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

National Non-Domestic Rates (NNDR)

Local tax for businesses based on value of business properties.

Past Service Cost

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

Precept

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

Prior Period Adjustments

Prior period adjustments are required when an error is material.

Prospective Application

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

Provision

A liability of uncertain timing or amount.

P.W.L.B.

Public Works Loan Board

Recoverable Amount

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

Reserve

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

Retrospective Application

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

Revenue Support Grant (RSG)

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

Revenue Expenditure

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

Shared Services

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

Significant Influence

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

Specific Grants

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

Standing Orders

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

Subsidiary

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

Support Services

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

Uniform Business Rate

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

Useful Life

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

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

Vested Employee Benefits
Employee benefits that are not conditional on future employment.