

STATEMENT OF ACCOUNTS 2014/15



FENLAND DISTRICT COUNCIL
STATEMENT OF ACCOUNTS
2014/15

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EXPLANATORY FOREWORD

1. The Council's financial statements for the year 2014/15 are set out on pages 6 to 80. They consist of:
 - the **Movement in Reserves Statement** – shows how the movement in reserves in the Balance Sheet is reconciled to the Comprehensive Income and Expenditure Account Deficit and what adjustments are required to be charged to the General Fund Balance for Council Tax setting purposes;
 - the **Comprehensive Income and Expenditure Statement** – a summary of the resources generated and consumed by the Council;
 - the **Balance Sheet** - setting out the Council's financial position as at 31 March 2015;
 - the **Cash Flow Statement** - which summarises the Council's inflows and outflows of cash for revenue and capital transactions for the year with third parties;
 - the **Collection Fund** – is an agent's statement that reflects the statutory obligation for 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 accounts referred to above are supported by **Accounting Policies**, which are in note 1 to the financial statements.

This foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position.

2. GENERAL FUND SERVICES

For 2014/15, the Council agreed an original budget of net spending on services of £14.956m. This sum was to be financed in part by Government Grant together with the Council's share of Business Rates, with the remainder being raised through Council Tax. The Council Tax for 2014/15 was set at £245.61 for Band D properties. The precept on the Collection Fund (£6.634m) is the amount due to the Council net of Parish Precepts (£0.873m). The following table summarises the final figures (outturn) with those budgeted for the year.

	Original Budget £000	Revised Budget £000	Actual £000	Actual to Revised Difference £000
General Fund Spending	15,006	14,956	14,991	35
Contribution to GF balance	(50)	0	7	7
Total	14,956	14,956	14,998	42
Financed by:				
Settlement Funding Grant	7,018	7,018	7,059	41
General Government Grants	1,304	1,304	1,305	1
Precept on Collection Fund	6,634	6,634	6,634	0
Total	14,956	14,956	14,998	42
General Fund Balance at 31 March 2015	2,737	2,879	2,886	7

The Council under spent by £6,605 on the revised budget due principally to the following reasons:

		£000
Off-set by	• Additional contribution/transfer to reserves	647
	• Additional bad debt provision	56
	• Lower supplies and services costs	(72)
	• Lower employee and premises costs	(136)
	• Increased income from fees and charges	(103)
	• Additional other Income	(401)
	• 'One-off' adjustments	2
		<hr/>
		(7)
		<hr/>

3. CAPITAL SPENDING AND RECEIPTS

In 2014/15 the Council spent £3.411m on capital projects, which included Revenue Expenditure Funded from Capital under Statute (grants and loans to private sector home owners and support for community development), compared with the original budget of £2.650m and revised budget of £3.203m.

The main item of capital expenditure in the year was grant aid support to private sector home owners and support for community development (£0.948m), investment in vehicles, plant, furniture and equipment (£0.763m), transport and parking schemes (0.577m), refurbishment of leisure services (£0.495m) and works to traveller's sites (0.262m).

This expenditure was financed by capital grants, capital receipts and revenue contributions.

Set out in notes 23 and 24 to the core financial statements are the Council's reserves. The General Fund's revenue balance is required to meet other financial commitments of an ongoing nature.

Capital receipts of £0.374m (net of costs) were realised in 2014/15 (2013/14: £0.232m).

4. PENSION LIABILITY

(i) The Local Government Pension Scheme

At 31 March 2015, the Council had an overall liability of £58.604m for pensions. This means, that the revenue account does not include full provision for pension costs of employees. Following the actuarial valuation as at 31 March 2010, the employer's contribution rate payable to the Cambridgeshire County Council's Pension Fund was set at 19.2% for the period 2011/12 – 2013/14. Following the latest actuarial valuation as at 31 March 2013, the employer's contribution has changed and will in future be a combination of a percentage of salary plus a lump sum. For the period 2014/15 – 2016/17 the rate has been set at 17% together with lump sum payments of £385,000 in 2014/15, £592,000 in 2015/16 and £817,000 in 2016/17. Further information relating to the assets, liabilities, income and expenditure of the Council's pension scheme is detailed at note 38 to the financial statements.

(ii) The Pilots' National Pension Fund (PNPF)

Following the outcome of court proceedings, all Participating Bodies of the PNPF (including this Council), whatever their status, were held liable for the recovery of the Fund's deficit. The Council's total liability over the 16 year recovery period (with effect from January 2013) is £1.526m with stepped annual contributions over that period, £68k paid in 2014/15, (£58k, 2013/14) rising annually to approximately £120k in the final year. The Council is allowed to set fees at a level to recover these costs and therefore there should be no impact on the Council's Taxpayer. Further details can be found in Notes 24 and 38 to the financial statements.

5. DETAILS OF SIGNIFICANT PROVISIONS, CONTINGENCIES AND WRITE OFFS

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2014/15 and earlier financial years in their proportionate share. Therefore, a provision of £585k (Fenland's share) has been recognised for the best estimate of the amount that businesses are potentially due a refund at 31 March 2015.

6. IMPACT OF CURRENT ECONOMIC CLIMATE

The Spending Review 2010, announced a number of measures, which have had a significant impact for this Council since 2010/11. The Cumulative impact of these measures required a further £1.135m of savings to be made by this Council in order to achieve a balanced budget for 2014/15. A variety of saving initiatives and organisational efficiency changes have been implemented and it is pleasing to report that the Council has managed to increase its General Fund balances by £0.07m to £2.886m at 31 March 2015.

Given the size of savings required, this is a considerable achievement and demonstrates the focus of the Council in delivering a balanced budget. The savings identified and implemented during 2014/15 have not significantly affected front-line services as the Council is determined to maintain the quality of these services during these difficult and challenging times.

Medium term financial forecasts show a substantial funding gap of £2.788m over the next four years. To date, all of the £1.005m savings required for 2015/16 have been identified and progress is being made towards the 2016/17 savings' target. This leaves £1.783m of savings to be identified over the medium term.

However, significant uncertainty remains over the financial position from 2016/17 onwards, the Council faces continuing financial challenges both in the current year 2015/16 and over the medium term. The forecasts for the years 2016/17 – 2018/19 are uncertain. Following the General Election in May, the Chancellor announced a 'Stability Budget' for 8 July 2015 and a spending review will follow the budget in the autumn. It is not known what impact these announcements might have for this Council's budget. In addition there will be ongoing challenges around the localisation of Council Tax Support Scheme and the Business Rates Retention Scheme, both of which were implemented from April 2013.

The Council, in recognising the significant challenges it faces over the medium term, has begun a wide ranging review of service delivery options with the overriding objective of maintaining current service standards and with minimal impact on front-line services.

7. DATE THE STATEMENT OF ACCOUNTS WERE AUTHORISED FOR ISSUE

The Statement of Accounts was authorised for issue by the Corporate Director and Chief Finance Officer on 25 September 2015. This is the date up to which events after the Balance Sheet date have currently been considered.

8. FURTHER INFORMATION

Further information about these accounts is available from the Chief Accountant, Fenland Hall, County Road, March, Cambridgeshire, PE15 8NQ, (☎ 01354 622486).

This is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts.

9. CORPORATE DIRECTOR AND CHIEF FINANCE OFFICER'S CERTIFICATE

I certify that the financial statements set out on pages 6 to 80 presents a true and fair view of the financial position of Fenland District Council at 31 March 2015 and its income and expenditure for the year then ended.

Signed:

25 September 2015

Rob Bridge

Corporate Director and Chief Finance Officer

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Corporate Director and Chief Finance Officer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the statement of accounts.

The Corporate Director and Chief Finance Officer's Responsibilities

The Corporate Director and Chief Finance Officer 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 Corporate Director and Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the Local Authority Code.

The Corporate Director and Chief Finance Officer has also:

- kept proper accounting records which were up to date.
- taken reasonably steps for the prevention and detection of fraud and other irregularities.

Signed:

25 September 2015

Rob Bridge

Corporate Director and Chief Finance Officer

MOVEMENT IN RESERVES STATEMENT

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2013	2,787	2,638	3,683	282	9,390	(7,175)	2,215
Movement in reserves during 2013/14							
Deficit on Provision of Services	(4,165)	0	0	0	(4,165)	0	(4,165)
Other Comprehensive Expenditure and Income	0	0	0	0	0	49	49
Total Comprehensive Expenditure and Income	(4,165)	0	0	0	(4,165)	49	(4,116)
Adjustments between accounting basis and funding basis under regulation (note 6)	4,818	0	(964)	(35)	3,819	(3,819)	0
Net Increase/(Decrease) before Transfers (to)/from Earmarked Reserves	653	0	(964)	(35)	(346)	(3,770)	(4,116)
Transfers (to)/from Earmarked Reserves (note 7)	(560)	560	0	0	0	0	0
Increase/(Decrease) in 2013/14	93	560	(964)	(35)	(346)	(3,770)	(4,116)
Balance at 31 March 2014 carried forward	2,880	3,198	2,719	247	9,044	(10,945)	(1,901)

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2014	2,880	3,198	2,719	247	9,044	(10,945)	(1,901)
Movement in reserves during 2014/15							
Deficit on Provision of Services	(2,369)	0	0	0	(2,369)	0	(2,369)
Other Comprehensive Expenditure and Income	0	0	0	0	0	(11,710)	(11,710)
Total Comprehensive Expenditure and Income	(2,369)	0	0	0	(2,369)	(11,710)	(14,079)
Adjustments between accounting basis and funding basis under regulation (note 6)	2,782	0	(888)	(169)	1,725	(1,725)	0
Net Increase/(Decrease) before Transfers (to)/from Earmarked Reserves	413	0	(888)	(169)	(644)	(13,435)	(14,079)
Transfers (to)/from Earmarked Reserves (note 7)	(407)	407	0	0	0	0	0
Increase/(Decrease) in 2014/15	6	407	(888)	(169)	(644)	(13,435)	(14,079)
Balance at 31 March 2015 carried forward	2,886	3,605	1,831	78	8,400	(24,380)	(15,980)

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.

2013/14				2014/15			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£000	£000	£000		£000	£000	£000	
2,963	(1,310)	1,653	Central services to the public	2,738	(934)	1,804	
5,071	(2,413)	2,658	Cultural services	4,726	(2,387)	2,339	
6,442	(1,924)	4,518	Environmental services	6,037	(1,707)	4,330	
3,221	(892)	2,329	Planning services	3,017	(1,121)	1,896	
707	(36)	671	Highways, roads and transport services	816	(67)	749	
33,473	(32,672)	801	Other Housing services	34,196	(33,129)	1,067	
2,239	(132)	2,107	Corporate & Democratic Core	1,978	(112)	1,866	
23	0	23	Non-Distributed Costs	449	0	449	
54,139	(39,379)	14,760	Net cost of services	53,957	(39,457)	14,500	

2013/14				2014/15		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
54,139	(39,379)	14,760	Net cost of services	53,957	(39,457)	14,500
2,082	0	2,082	Other Operating Expenditure (note 8)	2,113	0	2,113
6,168	(2,221)	3,947	Financing and Investment Income and Expenditure (note 9)	4,900	(2,243)	2,657
0	(16,624)	(16,624)	Taxation and Non Specific Grant Income (note 10)	0	(16,901)	(16,901)
62,389	(58,224)	4,165	Deficit on Provision of Services (note 28)	60,970	(58,601)	2,369
		(2)	(Surplus)/Deficit on revaluation of non-current assets (note 24)			36
		(47)	Remeasurement of net defined (benefit)/liability (note 38)			11,674
		(49)	Other Comprehensive Income and Expenditure			11,710
		4,116	Total Comprehensive Income and Expenditure			14,079

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'.

31 March 2014		Note	31 March 2015
£000			£000
32,777	Property, Plant and Equipment	11	32,911
2,863	Investment Property	12	2,878
260	Intangible Assets	13	240
563	Long Term Debtors		472
36,463	Long Term Assets		36,501
11,048	Short Term Investments	15	14,048
96	Inventories	17	101
3,395	Short Term Debtors	18	4,001
6,325	Cash and Cash Equivalents	19	5,198
111	Assets held for sale	20	62
20,975	Current Assets		23,410
(37)	Short Term Borrowing		(37)
(140)	Short Term Finance Lease Liability	36	(148)
(4,366)	Short Term Creditors	21	(6,854)
(4)	Capital Grants Receipts in Advance		(0)
(406)	Provisions	22	(585)
(4,953)	Current Liabilities		(7,624)
(7,800)	Long Term Borrowing	16	(7,800)
(180)	Finance Lease Liability	36	(478)
(46,406)	Defined Benefit Pension Liability	38	(59,989)
(54,386)	Long Term Liabilities		(68,267)
(1,901)	Net Assets/Liabilities		(15,980)
9,044	Usable Reserves	23	8,400
(10,945)	Unusable Reserves	24	(24,380)
(1,901)	Total Reserves		(15,980)

The notes on page 12 to 80 form part of the financial statements.

Signed: **Rob Bridge**

25 September 2015

THE 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.

2013/14		2014/15
£000		£000
(4,165)	Net deficit on the provision of services	(2,369)
6,052	Adjust net Deficit on the provision of services for non cash movements (note 25)	4,278
(220)	Adjust for items included in the net Deficit on the provision of services that are investing and financing activities (note 25)	(549)
1,667	Net cash flows from Operating Activities	1,360
(257)	Investing Activities (note 26)	(4,062)
621	Financing Activities (note 27)	1,575
2,031	Net increase or (decrease) in cash and cash equivalents	(1,127)
4,294	Cash and cash equivalents at the beginning of the reporting period (note 19)	6,325
6,325	Cash and cash equivalents at the end of the reporting period (note 19)	5,198

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

i. GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS). Policies have been consistently applied except for the policy in relation to heritage assets where some of the measurement rules are relaxed (details are provided in paragraph ix. below).

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

ii. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. 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 supplied, received and their consumption, they are carried as inventories on the Balance Sheet. Exceptions to this principle include utility bills, maintenance contracts and other similar quarterly payments, which are charged at the date of billing rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.
- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments are accounted for 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 there is evidence that debts are unlikely to be settled, the

balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. CASH AND CASH EQUIVALENTS

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

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

iv. 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.

v. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real 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 cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by guidance).

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by revenue provision 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.

vi. 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 salaries, paid annual leave, paid sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. 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 and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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 the 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 termination benefits related to pensions enhancements 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 Cambridgeshire County Council.

One of the Council's pilots is a member of the Pilots' National Pension Scheme, administered by Capita.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the Pilots' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement is charged with the contributions payable to the Pilots Pension Trustee in the year.

The Local Government Pension Scheme

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

- The liabilities of the Cambridgeshire County Council pension scheme 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 earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (based on the yields of the constituents of the IBoxx £ Corporates AA index and the Council's weighted average duration).
- The assets of Cambridgeshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

quoted securities – current bid price

unquoted securities – professional estimate

unitised securities – current bid price

property – market value

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

Service cost comprising:

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

past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/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 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 Pension Reserves as Other Comprehensive Income and expenditure.

contributions paid to the Cambridgeshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions limit the Council to raising Council Tax to cover the amounts 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 Pension 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 to the fund but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

vii. FINANCIAL INSTRUMENTS

A financial asset or liability is recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the instrument. This will normally be the date that a contract is entered into but may be later if there are conditions that need to be satisfied.

Financial assets are recognised by the Council on the Balance Sheet only when goods or services have been provided or rendered to a third party. Financial liabilities are recognised when the goods or services ordered from a third party have been received by the Council and the third party has performed its contractual obligations.

Financial Liabilities

Financial liabilities are initially measured at fair value and are subsequently carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. 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 could be classified into two types;

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- available-for-sale assets that have a quoted market price and/or do not have fixed or determinable payments.

The Council currently only has assets classified as “loans and receivables”.

Loans and Receivables

Loans and receivables are initially measured at fair value and are subsequently carried 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.

However, the Council has made a number of loans to private individuals at nil interest and the loans form a charge on the individual's properties. This means that market rates of interest have not been charged and these loans are classed as “soft loans”. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at the real effective rate of interest with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and

Expenditure Statement to the net gain 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.

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

viii. GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that future economic benefits or service potential embodied in the asset received in the form of 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 condition is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

ix. HERITAGE ASSETS

Heritage assets are held by the Council principally for their contribution to knowledge or culture. The heritage assets held by this Council are monuments, war memorials, public clocks, civic regalia and operational historic buildings in cemeteries.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The historical cemetery buildings are operational assets accounted for at depreciated replacement cost within Property, Plant and Equipment in the Balance Sheet.

The remaining heritage assets are not recognised in the financial statements as no information is available on the cost.

The Council is of the view that obtaining valuations for these assets would involve a disproportionate cost in comparison to the benefits that would be provided to the users of the Council's financial statement.

These assets are recorded in the asset register of the Council and detailed records are kept on each asset.

x. 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.

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 initially measured 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 assets held by the Council meet 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 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 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.

xi. INVENTORIES

Inventories are valued at latest price, with an allowance made for obsolete and slow moving items. While this is a departure from the requirements of the Code of Practice on Local Authority Accounting and IAS 2, which require inventories to be shown at the lower of cost and net realisable value, the effect of the different treatment is not material.

xii. INVESTMENT PROPERTY

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

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

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

xiii. 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 element 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 dependant on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under a finance lease are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to the lessor. Indirect 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 years 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 Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases are 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, revaluation or impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, generally meaning that rentals are charged when they become payable.

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life 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.

xiv. OVERHEADS AND SUPPORT SERVICES

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

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation; and

- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale and other surplus assets held for disposal (but which do not satisfy the criteria in the Code to be classified as held for sale) and depreciation on the latter category of assets.

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

xv. 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 for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred. Assets valued at less than £10,000 are not normally recognised in the Balance Sheet. The exception to this principal relates to land holdings which may have a current value of less than £10,000 but where they meet the Assets Held for Sale criteria. The total value of such assets does not materially affect the Property, Plant and Equipment disclosure note.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.

- All other assets – fair value, determined the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. 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, the loss is 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 insufficient balance, the carrying amount of the asset is written down against the relevant service revenue line(s) in the Comprehensive income and Expenditure Statement.

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service revenue 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 on 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 Community Assets) and assets that are not yet available for use (i.e. Assets Under Construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the balance sheet, as advised by a suitably qualified officer.
- Infrastructure – straight – line allocation up to 40 years.

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

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less cost 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 recognised losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (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.

Disposal proceeds 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 Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xvi. PROVISIONS

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not 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 met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

xvii. 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.

xviii. 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.

xix. RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and they do not represent usable resources for the Council – these reserves are explained in the relevant policies below.

xx. 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 (e.g. renovation grants) 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 there is no impact on the level of Council Tax.

xxi. VALUE ADDED TAX (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.

The Council has complied with the Code of Practice on Local Authority Accounting, with the exception of its inventory policy as stated above. Despite this departure from the code, management has concluded that the accounts present a true and fair view of the Council's financial position, financial performance and cash flows.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code:

IFRS 13 Fair Value Measurement. This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the financial statements, due to the low value of surplus assets held by the Council.

IFRIC 21 Levies. This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the financial statements.

Annual Improvements to IFRSs (2011 – 2013 Cycle). These improvements are minor, principally providing clarification and will not have a material impact on the financial statements.

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 financial statements.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in note 1 to the financial statements, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the financial statements are:

Funding

There is a high degree of uncertainty about future levels of funding for local Government. However, the Council has determined that the uncertainty is such that it is not possible to determine whether or not there may be an impairment of assets as a result of a need to close facilities and reduce levels of service provision.

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1st April 2013, the Council is liable for successful appeals against business rates charged to businesses in 2014-15 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31st March 2015. The estimate has been calculated using the latest 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 31st March 2015. The Council's share of the balance of business rate appeals provisions held at this date amounted to £0.585m this has increased by £0.179m from the previous year.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The following items in the Council's Balance Sheet as at 31 March 2015 for which there is a significant risk of material adjustments in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Depreciation and amortisation are provided for Property, Plant and Equipment and Intangible assets respectively. This enables the assets to be written down to their residual value over their estimated useful lives and show an appropriate cost of the use of the asset in the Comprehensive Income and Expenditure Statement. Management judgement is used to determine the useful economic lives of the Plant and Equipment and the Council's valuers for lives of Property.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £53k for every year that useful life is reduced.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For example:</p> <p>(i) a 0.5% decrease in the real discount rate assumption would result in an increase in the pension liability of £13.421m</p> <p>(ii) a 1 year increase in member life expectancy would result in an increase in the pension liability of £3.627m.</p> <p>(iii) a 0.5% increase in the salary increase rate would result in an increase in the pension liability of £4.616m.</p> <p>(iv) a 0.5% increase in the pension increase rate would result in an increase in the pension liability of £8.502m.</p> <p>However, the assumptions interact in complex ways, so care should be taken when looking at changes in one variable in isolation.</p>

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

The following material item of income and expenditure is included in the Comprehensive Income and Expenditure Statement:

The Council's share of non-domestic rates income totalling £9.626 million and the tariff of £6.218 million payable to central government under the rates retention scheme have been included in taxation and non-specific grant income.

6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied Account

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

2014/15	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>				
Charges for depreciation and impairment of non-current assets	1,801	0	0	(1,801)
Revaluation losses on Property, Plant and Equipment	119	0	0	(119)
Movements in the market value of Investment Properties	(15)	0	0	15
Amortisation of intangible assets	81	0	0	(81)
Capital grants and contributions that have been applied to capital financing	(1,092)	0	0	1,092
Revenue expenditure funded from capital under statute	1,260	0	0	(1,260)
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	49	0	0	(49)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(140)	0	0	140
Capital expenditure charged against General Fund Balance	(379)	0	0	379
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(277)	277	0	0
Use of Capital Receipts Reserve to finance new Capital expenditure	0	(1,256)	0	1,256
Miscellaneous Capital receipts	(91)	91	0	0
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(32)	0	32	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(201)	201

2014/15	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Financial Instruments Adjustment Account:				
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	(12)	0	0	12
Adjustments primarily involving the LGPS Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	4,081	0	0	(4,081)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,103)	0	0	2,103
Adjustments primarily involving the Pilots' National Pension Fund :				
Reversal of items relating to post-employment benefits debited to Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(69)	0	0	69
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from the Council Tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(422)	0	0	422
Adjustments primarily involving the Accumulated Absences 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	23	0	0	(23)
Total Adjustments	2,782	(888)	(169)	(1,725)

2013/14	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>				
Charges for depreciation and impairment of non-current assets	1,916	0	0	(1,916)
Movements in the market value of Investment Properties	944	0	0	(944)
Amortisation of intangible assets	79	0	0	(79)
Capital grants and contributions that have been applied to capital financing	(399)	0	0	399
Revenue expenditure funded from capital under statute	651	0	0	(651)
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	47	0	0	(47)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(203)	0	0	203
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(183)	183	0	0
Use of Capital Receipts Reserve to finance new Capital expenditure	0	(1,168)	0	1,168
Miscellaneous Capital receipts	(22)	22	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1	(1)	0	0
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(23)	0	23	0

2013/14	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Grants Unapplied Account				
Application of grants to capital financing transferred To the Capital Adjustment Account	0	0	(58)	58
Adjustments primarily involving the Financial Instruments Adjustment Account:				
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	(32)	0	0	32
Adjustments primarily involving the LGPS Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	4,033	0	0	(4,033)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,852)	0	0	1,852
Adjustments primarily involving the Pilots' National Pension Fund :				
Reversal of items relating to post-employment benefits debited to Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(58)	0	0	58
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from the Council Tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(49)	0	0	49
Adjustments primarily involving the Accumulated Absences 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	(32)	0	0	32
Total Adjustments	4,818	(964)	(35)	(3,819)

7. TRANSFERS (TO)/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund Balance in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure in 2014/15.

	Note	Balance at 1 April 2013	Movements in year		Balance at 31 March 2014	Movements in year		Balance at 31 March 2015
		£000	Receipts £000	Applied £000	£000	Receipts £000	Applied £000	£000
Travellers Sites	1	202	53	0	255	100	(201)	154
Maintenance -Station Road, Whittlesey	2	20	3	0	23	3	(26)	0
CCTV	3	59	10	0	69	10	0	79
Invest to Save	4	120	0	0	120	0	0	120
Conservation	5	54	0	0	54	0	0	54
Management of Change Reserve	6	982	200	(63)	1,119	0	(94)	1025
Neighbourhood Planning Reserve	7	253	0	(7)	246	0	(51)	195
Specific Grants Reserve	8	230	155	(15)	370	205	(38)	537
Personal Search Fees	9	100	30	0	130	0	(32)	98
Community Projects	10	18	0	(6)	12	0	0	12
Local Government Resource Review	11	500	0	0	500	0	0	500
Capital Contribution Reserve	12	100	200	0	300	0	(119)	181
Port – Buoy Maintenance	13	0	0	0	0	150	0	150
Pilots' National Pension Fund	14	0	0	0	0	500	0	500
Total		2,638	651	(91)	3,198	968	(561)	3,605

Notes:

1. The Travellers Sites Reserve is used to fund future maintenance programmes.
2. The Station Road, Whittlesey Reserve was set up in 2004/05, to finance future maintenance costs in relation to the un-adopted estate road. Contributions are received annually from the Companies who have purchased the freehold of individual sites.
3. CCTV Reserve is to provide for future plant and equipment requirements.
4. The Invest to Save Reserve was set up for services to “borrow” from in order to finance ways of producing savings. The reserve will be used to fund schemes in the Council’s ‘Keen to be Green’ strategy for carbon reduction.
5. The Conservation Reserve was set up to purchase, renovate and subsequently re-sell difficult properties of local importance where intervention by this Council is seen as the only solution.

6. The Management of Change Reserve was established for the effective management of any organisational changes required to meet the Council's future priorities.
7. The Neighbourhood Planning Reserve was created to assist the Council with delivering the 'Neighbourhood Planning' objective and delivery of the new Development Plan.
8. Specific grants received in year but not spent. Balance available to fund specific spending commitments in future years.
9. Available to off-set potential restitution claims associated with the revocation of the personal search fees of the local land charges register.
10. Available to assist local community projects.
11. The Local Government Resource Review Reserve was established to assist the Council in delivering the localisation of council tax benefits and business rates retention from 2013/14.
12. The Capital Contributions Reserve was established to provide funding for future capital schemes.
13. The Port Buoy Maintenance Reserve was established in 2014/15 to provide funding for future buoy maintenance to windfarms.
14. The Pilots' National Pension Fund Reserve was established in 2014/15 to provide funding for future liabilities that might arise resulting from Pilots membership of the scheme.

8. OTHER OPERATING EXPENDITURE

	2014/15 £000	2013/14 £000
Parish Council Precepts	873	776
Parish Council Council Tax Support Grant	102	121
Drainage Board Levies	1,367	1,320
Payments to the Government Housing	0	1
Capital Receipts Pool		
Gains on the disposal of non-current assets	(229)	(136)
Total	2,113	2,082

9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2014/15 £000	2013/14 £000
Deficit on Trading Accounts	476	866
Interest payable and similar charges	496	505
Interest on the net defined pension liability	1,934	1,930
Interest receivable and similar income	(187)	(252)
Income and expenditure in relation to		
Investment properties and changes in their		
fair value	(62)	898
Total	2,657	3,947

10. TAXATION AND NON SPECIFIC GRANT INCOME

	2014/15 £000	2013/14 £000
Council Tax income	(7,600)	(7,346)
Net share of business rate income	(3,060)	(3,024)
Non-ringfenced Government grants	(5,632)	(6,225)
Capital grants and contributions	(609)	(29)
Total	(16,901)	(16,624)

11. PROPERTY, PLANT AND EQUIPMENT

Movements in 2014/15:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1 April 2014	24,454	12,133	7,200	1,328	354	45,469
Additions	1,004	763	293	30	0	2,090
Revaluation decrease recognised in the Revaluation Reserve	(36)	0	0	0	0	(36)
Revaluation decrease recognised in the Deficit on the Provision of Services	(119)	0	0	0	0	(119)
At 31 March 2015	25,303	12,896	7,493	1,358	354	47,404
Accumulated Depreciation and Impairment						
At 1 April 2014	(2,645)	(8,412)	(1,544)	(79)	(12)	(12,692)
Depreciation charge	(599)	(840)	(265)	0	(5)	(1,709)
Depreciation charge to Revaluation Reserve	(79)	0	0	0	0	(79)
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	0	0	(9)	(4)	(13)
At 31 March 2015	(3,323)	(9,252)	(1,809)	(88)	(21)	(14,493)
Net Book Value						
At 31 March 2015	21,980	3,644	5,684	1,270	333	32,911
At 31 March 2014	21,809	3,721	5,656	1,249	342	32,777

Comparative Movements in 2013/14:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1 April 2013	24,251	11,845	6,872	1,320	354	44,642
Additions	243	308	328	8	0	887
Derecognition - disposals	0	(20)	0	0	0	(20)
Other movements in cost or valuations	(40)	0	0	0	0	(40)
At 31 March 2014	24,454	12,133	7,200	1,328	354	45,469
Accumulated Depreciation and Impairment						
At 1 April 2013	(1,890)	(7,505)	(1,294)	(79)	(8)	(10,776)
Depreciation charge	(585)	(871)	(250)	0	(4)	(1,710)
Depreciation charge to Revaluation Reserve	(79)	0	0	0	0	(79)
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	(91)	(36)	0	0	0	(127)
At 31 March 2014	(2,645)	(8,412)	(1,544)	(79)	(12)	(12,692)
Net Book Value						
At 31 March 2014	21,809	3,721	5,656	1,249	342	32,777
At 31 March 2013	22,361	4,340	5,578	1,241	346	33,866

Depreciation

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

- Other Land and Buildings – 5-60 years
- Vehicles, Plant, Furniture & Equipment – 5-20 years
- Infrastructure – 20-40 years

Capital Commitments

At 31 March 2015, the Council had contractual capital commitments of £0.768m (2013/14: £0.158m).

Revaluations

The following statement shows the progress of the Council's programme for the revaluation of all Property, Plant and Equipment. A full re-valuation of all assets valued at fair value was undertaken at 1 April 2010. Valuations are updated by way of an annual review where material expenditure has been incurred on enhancing certain assets. All assets are re-valued at least every 5 years. All valuations were carried out externally by Norfolk Property Services in accordance with the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuations is set out in the accounting policies, note 1 of the financial statements.

The following table shows those assets held at historical cost valuation. Vehicles, Plant and Equipment as short life operational assets are held at historical cost less depreciation as a proxy for fair value. All other assets have been revalued (current value) to provide their fair value.

	Land & Buildings £000	Infrastructure Assets £000	Community Assets £000	Vehicles, Plant & Equipment £000	Surplus Assets £000	Total £000
Valued at historical cost	0	5,684	1,270	3,644	0	10,598
Valued at fair value as at:						
31 March 2014	171	0	0	0	0	171
31 March 2013	2,240	0	0	0	0	2,240
31 March 2012	8,744	0	0	0	0	8,744
31 March 2011	10,825	0	0	0	333	11,158
Total	21,980	5,684	1,270	3,644	333	32,911

12. INVESTMENT PROPERTY

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:

	2014/15 £000	2013/14 £000
Rental income from investment property	47	46

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 carry out repairs, maintenance or enhancement.

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

	2014/15	2013/14
	£000	£000
Balance at start of the year	2,863	3,807
Net gain/(loss) from fair value adjustments	15	(944)
Balance at end of the year	<u>2,878</u>	<u>2,863</u>

13. INTANGIBLE ASSETS

Purchased software licences are held for a variety of IT systems. All software is given a 5 year finite useful life, based on assessments of the period that the software is expected to be used by the Council and to be consistent with the general policy for all capitalised IT purchases.

The carrying amount of intangible assets is amortised on a straight line basis in line with the Council's general depreciation/amortisation policy. The amortisation of £81,122 charged to revenue in 2014/15 is charged to the IT cost centre and then absorbed as an overhead across all service headings in the Net Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2014/15	2013/14
	£000	£000
Balance at start of year		
Gross Carrying amount	1,392	1,277
Accumulated amortisation	(1,132)	(1,052)
Net carrying amount at start of year	<u>260</u>	<u>225</u>
Additions	61	114
Amortisation for the year	(81)	(79)
Net carrying amount at end of year	<u>240</u>	<u>260</u>
Comprising:		
Gross carrying amounts	1,453	1,392
Accumulated amortisation	(1,213)	(1,132)
	<u>240</u>	<u>260</u>

14. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	Carrying amount	
	31 March 2015	31 March 2014
	£000	£000
Financial liabilities		
Long Term Liabilities	(7,800)	(7,800)
Short Term Borrowings	(37)	(37)
Creditors	(4,116)	(3,117)
	(11,953)	(10,954)
Loans & Receivables		
Total Debtors	2,465	1,726
Cash & Cash Equivalents	5,198	6,325
Investments	14,048	11,048
	21,711	19,099

Statutory debt owed to/from the Council such as, Council Tax, NNDR and amounts owed to/from other Government bodies is removed from the financial instruments analysis.

Income, expense, gains and losses

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

	Liabilities measured at amortised cost	Loans and Receivables	Total
	31 March 2015	31 March 2015	31 March 2015
	£000	£000	£000
Interest Income – soft loans	0	(9)	(9)
Interest and Investment Income	0	(178)	(178)
Increase in bad debts provision	0	136	136
Interest payable and similar charges	500	0	500
Net loss for year	500	(51)	449

	Liabilities measured at amortised cost 31 March 2014 £000	Loans and Receivables 31 March 2014 £000	Total 31 March 2014 £000
Interest Income – soft loans	0	(21)	(21)
Interest and Investment Income	0	(231)	(231)
Increase in bad debts provision	0	147	147
Interest payable and similar charges	514	0	514
Net loss for year	514	(105)	409

Realised and unrealised gains and losses, interest and other items of income and expense are accounted for in the financial year to which they relate and are shown at actual value paid or received.

The increase in bad debts provision reflects the additional amount required in the year which is chargeable to the Comprehensive Income and Expenditure Statement

15. FAIR VALUE OF ASSETS AND LIABILITIES

Financial liabilities and financial assets (loans and receivables) are carried in the Balance Sheet at amortised cost. As loans and receivables are assets, only 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, the carrying amount is assumed to approximate to the fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- PWLB interest rates for new loans have been used as the discount factor on loans.

Set out below is the fair value for financial liabilities and loans and receivables:

	Carrying Amount 31 March 2015 £000	Fair Value 31 March 2015 £000	Carrying Amount 31 March 2014 £000	Fair Value 31 March 2014 £000
Financial liabilities				
Long Term Liabilities	(7,800)	(11,487)	(7,800)	(9,902)
Short Term Borrowing	(37)	(37)	(37)	(37)
Creditors	(4,116)	(4,116)	(3,117)	(3,117)
	(11,953)	(15,640)	(10,954)	(13,056)
Loans & Receivables				
Total Debtors	2,465	2,465	1,726	1,726
Cash & Cash Equivalents	5,198	5,198	6,325	6,325
Investments	14,048	14,048	11,048	11,048
	21,711	21,711	19,099	19,099
Total	9,758	6,071	8,145	6,043

The fair value of long term liabilities are greater than the carrying amount due to the Council's portfolio of loans consisting of a number of fixed rate loans, where the interest payable is higher than the rates available for similar loans at the Balance Sheet date. The fair value of creditors is taken to be the invoiced amount.

16. 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 factors such as changes in interest rates movements.

How the Council Manages These Risks

The Council's overall risk management programme focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

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

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. In addition, the Investment strategy also limits maximum amounts and time limits to be deposited in respect of each financial institution. Additional selection criteria are also applied after this initial criteria is applied. Full details of the Investment Strategy can be found on the Council's website.

Deposits are not made with banks and financial institutions unless they meet the minimum criteria laid out within the creditworthiness service provided by Capita Asset Services (see Annual Investment Strategy). A maximum of £5 million is allowed to be invested (10 million with the Council's approved bank) within any one approved institution for up to 5 years. Unlimited overnight investments levels are allowed with the Council's approved bank.

At 31 March 2015 there was a maximum of £5 million with approved counterparties and a maximum of 2 times this limit may be invested in total with counterparties belonging to the same group.

In light of the above investment strategy, the Council considers that it has taken all reasonable steps to reduce to a minimum any exposure to credit risks in relation to investments at 31 March 2015 and that any residual risk cannot be quantified.

The following table shows the original sums of investments at 31 March analysed by the nature of financial institution and remaining period to maturity.

31 March 2015	Maturity Bands			Total
	Less than 3 Months	3 Months to 6 Months	6 Months to 1 year	
	£000	£000	£000	
Banks	4,300	12,000	2,000	18,300

31 March 2014	Maturity Bands			Total
	Less than 3 Months	3 Months to 6 Months	6 Months to 1 year	
	£000	£000	£000	
Banks	5,450	10,000	1,000	16,450

In relation to sums owed by the Council's customers and contractual debtors, the Council makes prudent financial provision for bad debts based on an assessment of the risks for each type of debt and the age of those debts. Provision is also made for material individual debts, which the Council believes may not be recoverable.

The following analysis summarises the Council's assessment of its potential maximum exposure to credit risk (impairment allowance) in relation to debtors:

	31 March 2015	31 March 2014
	£000	£000
Long term debtors	308	401
Other debtors	1,994	1,163
Total	2,302	1,564

The movement in the impairment allowance during the year can be summarised as follows:

	31 March 2015	31 March 2014
	£000	£000
Opening balance	424	443
Increase in allowance for impairment	38	14
Balances written off during the year	(22)	(33)
Closing balance	440	424

The Council does not generally extend credit to its customers beyond 14 days. At 31 March 2015, of the total debtor and deferred debtor balances of £2.302 million (£1.564 million at 31 March 2014), the past due amount was £0.410 million (£0.5 million at 31 March 2014) and can be analysed by age as follows:

	31 March 2015	31 March 2014
Customer Debts	£000	£000
Less than one year	282	367
More than one year	128	133
Total	410	500

The Council believes it has taken all reasonable steps to minimise any exposure to credit risks in relation to those customer debts that are past due but not impaired at 31 March 2015 and that any residual risk cannot be quantified.

Liquidity Risk

As the Council has ready access to borrowings from the Public Works Loans Board, it does not face any significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All financial liabilities as at 31 March 2015 are due within one year, apart from long term borrowings and finance lease liabilities. The maturity analysis of long term borrowing is as follows:

	31 March 2015	31 March 2014
	£000	£000
Between 10 and 15 years	2,000	2,000
Between 15 and 20 years	2,500	2,500
Between 35 and 40 years	3,300	3,300
Total	7,800	7,800

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

Market Risk – Interest Rate Risk

The Council is exposed to minimal risk in respect of adverse interest rate movements in its investments. This is because fixed rate investments are of less than one year in duration and the changes to fair value will be minimal. The Council does, however, utilise “call accounts” for short term deposits and the interest rate on these accounts move in line with the bank base rate. In general terms, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall.

The Council's treasury management officers play a pro-active role in assessing interest rate exposure that feeds into the Council's annual budget setting process and which is used to revise budget projections as necessary during the financial year. The assessment procedures indicate that if interest rates were one percentage point higher, with all other variables held constant, the effect in 2014/15 would have been a reduction in income of £24,000 (£17,000 additional in 2013/14).

The impact of a one percentage point fall in interest rates would be the reverse of the net effect identified in the table above. The Code of Practice on Local Authority Accounting 2014/15 suggests a sensitivity analysis of one percentage point.

17. INVENTORIES

	General & Vehicle		Leisure/Post & Printing		Total	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Balance outstanding at start of year	73	106	23	72	96	178
Purchases	393	390	65	100	458	490
Recognised as an expense in the year	(384)	(423)	(69)	(149)	(453)	(572)
Balance outstanding at year-end	82	73	19	23	101	96

18. SHORT TERM DEBTORS

	31 March 2015 £000	31 March 2014 £000
Central Government bodies	326	360
Other local authorities	728	482
Council Tax Arrears	496	310
Business Rate Arrears	174	134
Other entities and individuals	2,277	2,109
Total	4,001	3,395

Each Line item is presented net of impairment.

19. CASH AND CASH EQUIVALENTS

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

	31 March 2015 £000	31 March 2014 £000
Cash held by the Council	4,311	5,463
Bank Current Accounts	887	862
Total Cash and Cash Equivalents	5,198	6,325

20. ASSETS HELD FOR SALE

	31 March 2015 £000	31 March 2014 £000
Balance at start of year	111	95
Assets newly classified as held for sale	0	41
Revaluation gains	0	2
Disposals	(49)	(27)
Total Assets Held for Sale	62	111

21. SHORT TERM CREDITORS

	31 March 2015	31 March 2014
	£000	£000
Central Government bodies	1,915	988
Other local authorities	1,065	336
Council Tax Prepayments	196	205
Business Rates Prepayments	37	59
Other entities and individuals	3,641	2,778
Total	6,854	4,366

22. PROVISIONS

	31 March 2015	31 March 2014
	£000	£000
Balance at 1 April	406	43
Additional Provision	585	406
Utilised in Year	(406)	(43)
Balance at 31 March	585	406

The Provision represents amounts set aside to meet potential future liabilities for Business Rates Appeals.

23. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and notes 6 and 7 of the financial statements.

24. UNUSABLE RESERVES

	31 March 2015 £000	31 March 2014 £000
Revaluation Reserve	3,958	4,078
Capital Adjustment Account	31,698	31,841
Financial Instruments Adjustment Account	(284)	(296)
Pensions Reserve LGPS	(58,604)	(44,952)
Pilots' National Pension Fund	(1,385)	(1,454)
Deferred Capital Receipts Reserve	0	0
Collection Fund Adjustment Account	462	40
Accumulated Absences Account	(225)	(202)
Total	(24,380)	(10,945)

Revaluation Reserve

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

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

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

	2014/15 £000	2013/14 £000
Balance at 1 April	4,078	4,171
Upward revaluation of assets	0	2
Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	(36)	0
(Deficit)/Surplus on revaluation of non-current assets not posted to the Deficit on the Provision of Services	(36)	2
Difference between fair value depreciation and historical cost depreciation	(79)	(79)
Accumulated gains on assets sold or scrapped	(5)	(16)
Amount written off to the Capital Adjustment Account	(84)	(95)
Balance at 31 March	3,958	4,078

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

	2014/15 £000	2013/14 £000
Balance at 1 April	31,841	33,554
Charges for depreciation and impairment of non-current assets	(1,801)	(1,916)
Revaluation losses on Property, Plant and Equipment	(119)	0
Amortisation of intangible assets	(81)	(79)
Revenue expenditure funded from capital under statute	(1,260)	(651)
Private Sector Housing Loans	(6)	(27)
Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive Income and Expenditure Statement	(49)	(47)
Adjusting amounts written out of the Revaluation Reserve	84	95
Use of the Capital Receipts Reserve to finance new capital expenditure	1,262	1,196
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,092	399
Application of grants to capital financing from the Capital Grants Unapplied Account	201	58
Statutory provision for the financing of capital investment charged against the General Fund Balance	140	203
Capital expenditure charged against the General Fund Balance	379	0
Movements in the market value of Investment Properties (debited)/ credited to the Comprehensive Income and Expenditure Statement	15	(944)
Balance at 31 March	31,698	31,841

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2014/15 £000	2013/14 £000
Balance at 1 April	(296)	(328)
Proportion of discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(1)	(9)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	4	20
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	9	21
Balance at 31 March	(284)	(296)

Pension Reserve – Local Government Pension Scheme

The Pension 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 pays 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.

	2014/15 £000	2013/14 £000
Balance at 1 April	(44,952)	(42,818)
Remeasurements of the net defined benefit liability	(11,674)	47
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(4,081)	(4,033)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,103	1,852
Balance at 31 March	(58,604)	(44,952)

Pension Reserve – Pilots’ National Pension Fund

The Pension 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 pays 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.

	2014/15 £000	2013/14 £000
Balance at 1 April	(1,454)	(1,512)
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	69	58
Pension liability past service costs	0	0
Balance at 31 March	(1,385)	(1,454)

Deferred Capital Receipts Reserve

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

	2014/15 £000	2013/14 £000
Balance at 1 April	0	1
Transfer to the Capital Receipts Reserve upon receipt of cash	0	(1)
Balance at 31 March	0	0

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 and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2014/15 £000	2013/14 £000
Balance at 1 April	40	(9)
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	422	49
Balance at 31 March	462	40

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2014/15 £000	£000	2013/14 £000	£000
Balance at 1 April		(202)		(234)
Settlement or cancellation of accrual made at the end of the preceding year	202		234	
Amounts accrued at the end of the current year	(225)		(202)	
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		(23)		32
Balance at 31 March		(225)		(202)

25. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

a) Adjust net deficit on the provision of services for non cash movements.

2013/14		2014/15
£000		£000
1,789	Depreciation	1,709
127	Impairment & downward valuations	132
79	Amortisation	81
147	Increase in impairment for bad debts	136
838	Increase in Creditors	1,030
(472)	(Increase) in Debtors	(654)
82	Decrease/(Increase) in inventories	(5)
2,181	Movement in pension liability	1,978
(58)	Movement in Pilots' pension liability	(69)
47	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	49
363	Increase in Provisions	0
944	Movement in fair value of investment properties	(15)
(15)	Other non-cash transactions	(94)
6,052		4,278

b) Adjust for items included in the net deficit on the provision of services that are investing and financing activities.

	2014/15	2013/14
	£000	£000
Miscellaneous capital receipts	(91)	(22)
Capital grants credited to the deficit on the provisions of services	(181)	(15)
Proceeds from the sale of non-current assets	(277)	(183)
	(549)	(220)

c) Interest received and interest paid.

	2014/15	2013/14
	£000	£000
Interest received	176	324
Interest paid	(495)	(501)
	(319)	(177)

26. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2014/15 £000	2013/14 £000
Purchase of property, plant and equipment, investment property and intangible assets	(2,108)	(1,024)
Purchase of short-term investments	(18,600)	(16,000)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	292	224
Proceeds from short-term investments	15,600	16,000
Other receipts from investing activities	754	543
Net cash flows from investing activities	(4,062)	(257)

27. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2014/15 £000	2013/14 £000
Other receipts from financing activities	495	45
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(110)	(158)
Other payments for financing activities	1,190	734
Net cash flows from financing activities	1,575	621

28. 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 Cabinet on the basis of budget reports analysed across directorates. The reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to depreciation, revaluation losses and revenue expenditure funded from capital under statute.
- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.
- The net income generated by the Council's trading services is reported below net cost of services.
-

During 2014/15, the Council undertook a management restructure and reduced the number of service groups. The 2013/14 figures have been restated to show what the income and expenditure would have been during 2013/14 if these service groupings were in place then, and to provide prior year comparators.

The income and expenditure of the Council's directorates recorded in the budget reports for the year and how it reconciles to that included in the net cost of services in the Comprehensive Income and Expenditure Statement is as follows:

Directorate income and expenditure 2014/15:

	Growth and Infrastructure	Housing, Environment, Leisure and Community	Planning, Resources and Customer Services	Policy and Governance	Total
	£000	£000	£000	£000	£000
Fees, charges and other service income	(1,911)	(4,767)	(1,267)	(272)	(8,217)
Government grants	(6)	(296)	(32,144)	(62)	(32,508)
Total income	(1,917)	(5,063)	(33,411)	(334)	(40,725)
Employees expenses	1,529	5,659	5,557	1,075	13,820
Other service expenses	1,552	4,204	32,900	793	39,449
Levies	0	0	1,367	0	1,367
Total expenditure	3,081	9,863	39,824	1,868	54,636
Net Expenditure	1,164	4,800	6,413	1,534	13,911
Net expenditure in the Directorate Analysis					13,911
Amounts in the Comprehensive Income and Expenditure Statement not reported to management					2,007
Amounts reported to management not included in the Comprehensive Income and Expenditure Statement					(1,418)
Cost of services in the Comprehensive Income and Expenditure Statement					14,500

Directorate income and expenditure 2013/14:

2013/14 Comparative Figures Restated					
	Growth and Infrastructure	Housing, Environment, Leisure and Community	Planning, Resources and Customer Services	Policy and Governance	Total
	£000	£000	£000	£000	£000
Fees, charges and other service income	(1,818)	(4,785)	(1,381)	(278)	(8,262)
Government grants	(5)	(244)	(32,055)	(10)	(32,314)
Total income	(1,823)	(5,029)	(33,436)	(288)	(40,576)
Employees expenses	1,711	5,746	5,349	1,106	13,912
Other service expenses	1,622	4,571	33,022	825	40,040
Levies	0	0	1,320	0	1,320
Total expenditure	3,333	10,317	39,691	1,931	55,272
Net Expenditure	1,510	5,288	6,255	1,643	14,696
Net expenditure in the Directorate Analysis					14,696
Amounts in the Comprehensive Income and Expenditure Statement not reported to management					1,737
Amounts reported to management not included in the Comprehensive Income and Expenditure Statement					(1,673)
Cost of services in the Comprehensive Income and Expenditure Statement					14,760

2013/14 Comparative Figures as Previously Reported						
	Growth and Infrastructure	Environment and Leisure	Resources and Customer Services	Housing and Development	Policy and Governance	Total
	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(1,819)	(4,083)	(554)	(1,528)	(278)	(8,262)
Government grants	(5)	(8)	(32,055)	(236)	(10)	(32,314)
Total income	(1,824)	(4,091)	(32,609)	(1,764)	(288)	(40,576)
Employees expenses	1,578	4,670	4,224	2,334	1,106	13,912
Other service expenses	1,581	3,736	32,752	1,146	825	40,040
Levies	0	0	1,320	0	0	1,320
Total expenditure	3,159	8,406	38,296	3,480	1,931	55,272
Net Expenditure	1,335	4,315	5,687	1,716	1,643	14,696
Net expenditure in the Directorate Analysis						14,696
Amounts in the Comprehensive Income and Expenditure Statement not reported to management						1,737
Amounts reported to management not included in the Comprehensive Income and Expenditure Statement						(1,673)
Cost of services in the Comprehensive Income and Expenditure Statement						14,760

Reconciliation to subjective analysis

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

2014/15	Directorate Analysis £000	Amounts reported to Management below Directorate Analysis £000	Amounts not reported to Management for decision making £000	Amounts not included in CIES £000	Total £000
Fees, charges and other service income	(8,217)	(272)	0	0	(8,489)
Interest and investment income	0	(173)	(14)	0	(187)
Income from Council Tax	0	(7,507)	(93)	0	(7,600)
Government grants and contributions	(32,508)	(8,363)	(1,454)	0	(42,325)
Total income	(40,725)	(16,315)	(1,561)	0	(58,601)
Employee expenses	13,820	0	1,934	0	15,754
Other service expenses	39,449	104	1,169	0	40,722
Depreciation, revaluation and impairment	0	140	1,987	(140)	1,987
Interest payments	0	496	0	0	496
Precept and levies	1,367	873	0	0	2,240
Gain on disposal of non-current assets	0	0	(229)	0	(229)
Total expenditure	54,636	1,613	4,861	(140)	60,970
Deficit on the Provision of Services	13,911	(14,702)	3,300	(140)	2,369

2013/14 Comparative Figures	Directorate Analysis £000	Amounts reported to Management below Directorate Analysis £000	Amounts not reported to Management for decision making £000	Amounts not included in CIES £000	Total £000
Fees, charges and other service income	(8,262)	(173)	0	0	(8,435)
Interest and investment income	0	(226)	(26)	0	(252)
Income from Council Tax	0	(7,286)	(60)	0	(7,346)
Government grants and contributions	(32,314)	(9,467)	(410)	0	(42,191)
Total income	(40,576)	(17,152)	(496)	0	(58,224)
Employee expenses	13,912	0	2,090	0	16,002
Other service expenses	40,040	327	616	0	40,983
Depreciation, revaluation and impairment	0	203	2,939	(203)	2,939
Interest payments	0	504	0	0	504
Precept and levies	1,320	776	0	0	2,096
Payments to housing capital receipts pool	0	0	1	0	1
Gain on disposal of non-current assets	0	0	(136)	0	(136)
Total expenditure	55,272	1,810	5,510	(203)	62,389
Deficit on the Provision of Services	14,696	(15,342)	5,014	(203)	4,165

29. TRADING OPERATIONS

Included within the expenditure figures below are capital charges (depreciation and impairment) which are reversed out of the General Fund Balance through the Movement in Reverses Statement to ensure there is no impact on the Council's Taxpayer.

Market Undertaking

The Council operates outdoor markets in March, Chatteris and Whittlesey.

	2014/15 £000	2013/14 £000
Expenditure	94	115
Income from Stallholders	(35)	(34)
Deficit taken to General Fund	59	81

After adjusting for capital charges the net operating deficit is £57,934 (2013/14: £80,502).

Port Undertaking

The Council is the statutory Port Authority for the Port of Wisbech. Financial results were as follows:

	2014/15 £000	2013/14 £000
Expenditure	1,259	1,259
Income from Port Users	(898)	(895)
Deficit taken to General Fund	361	364

After adjusting for capital charges and the Pilots' National Pension Fund's liability, the net operating deficit is £113,788, (2013/14: £115,238).

Mini-factories and Office Units

The Council operates 69 mini-factory units in March, Chatteris and Wisbech. South Fens Business Centre, Chatteris offers 45 office and 8 workspace units. The Boathouse, Wisbech offers 37 office units. Financial results were as follows:

	2014/15 £000	2013/14 £000
Expenditure	831	1,146
Income from Rents	(752)	(710)
Deficit taken to General Fund	79	436

After adjusting for capital charges the net operating surplus is £69,582 (2013/14: £214,204 deficit).

Estates

Estate areas amounting to 44.5 acres are operated by the Council. Financial results are below:

	2014/15 £000	2013/14 £000
Expenditure	21	22
Income from Rents	(5)	(5)
Deficit taken to General Fund	16	17

Trade Waste

The financial results for Trade Waste were as follows:

	2014/15	2013/14
	£000	£000
Expenditure	280	248
Income	(319)	(280)
Surplus taken to General Fund	(39)	(32)

After adjusting for capital charges the net operating surplus is £58,643 (2013/14: £50,923).

30. MEMBERS' ALLOWANCES

The Council paid the following amounts to members of the Council during the year. Full details can be found on the Council's website.

	2014/15	2013/14
	£000	£000
Allowances	310	327
Expenses	13	18
Total	323	345

31. EMPLOYEES' REMUNERATION

The following table sets out the remuneration disclosures for senior officers who received more than £50,000 per year.

Senior Officers Remuneration

Name	Note	Year	Gross Salary	Benefits in Kind (e.g. car allowance)	Total Remuneration (excl. Pension contributions)	Employers Pension Contributions	Total Remuneration (incl. pension contributions)
			£	£	£	£	£
Chief Executive		2014/15	137,600	2,000	139,600	23,392	162,992
		2013/14	137,600	2,000	139,600	26,419	166,019
Corporate Director and Chief Finance Officer		2014/15	105,000	10,500	115,500	17,850	133,350
		2013/14	105,000	10,500	115,500	20,160	135,660
Corporate Director and Monitoring Officer - A	1	2014/15	68,945	6,977	75,922	11,933	87,855
		2013/14	84,504	8,400	92,904	16,225	109,129
Corporate Director and Monitoring Officer - B	2	2014/15	12,719	1,225	13,944	2,162	16,106
		2013/14	0	0	0	0	0

Note 1: The Corporate Director and Monitoring Officer left on the 30th January 2015. The annualised salary was £84,504.

Note 2: An existing Corporate Director assumed the role of Monitoring Officer on 1st February 2015. The annualised salary was £76,313.

The numbers of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 are shown in the table below.

Remuneration Band	Number of Employees 2014/15 Total	Number of Employees 2013/14 Total
£50,000 - £54,999	14	14
£55,000 - £59,999	6	6
£60,000 - £64,999	1	1
£70,000 - £74,999	0	1
£75,000 - £79,999	2	0
£80,000 - £84,999	1	0
£85,000 - £89,999	3	2
£90,000 - £94,999	0	1
£115,000 - £119,999	1	1
£135,000 - £139,999	1	1

The increase from 2013/14 to 2014/15 is due to pay progression within individual's terms and conditions, the nationally agreed cost of living increases and severance payments relating to four posts made redundant during 2014/15.

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14 £000	2014/15 £000
£0 - £20,000	11	8	1	0	12	8	79	48
£20,001-£40,000	1	6	0	0	1	6	32	159
£40,001-£60,000	0	1	0	0	0	1	0	44
Total cost included in bandings	12	15	1	0	13	15	111	251
Total cost included CIES							111	251

The total cost of exit packages above have been charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

32. EXTERNAL AUDIT COSTS

In 2014/15 Fenland District Council incurred the following fees relating to external audit and inspection:

	2014/15 £000	2013/14 £000
Fees payable with regard to external audit services carried out by the appointed auditor	68	100
Fees payable for the certification of grant claims and returns	27	43
Fees payable to the Audit Commission in respect of services provided – National Fraud Initiative	2	1
Total Audit Costs	97	144

33. GRANT INCOME

The Council credited the following significant grants and contributions to the Comprehensive Income and Expenditure Statement in 2014/15:

	2014/15 £000	2013/14 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	3,687	4,861
Net Share of Business Rate Income	3,060	3,024
New Homes Bonus Grant	1,227	887
Capital Grants and Contributions	609	29
Small Business Rate Relief	641	416
Other Central Government Grants	77	61
Total	9,301	9,278
Credited to Services		
Housing Benefit Subsidy	31,167	31,085
Capital Grants and Contributions	516	393
Housing Benefits/Local Council Tax Support Admin	670	760
Community Safety	0	41
NNDR Cost of Collection	127	127
Care and Repair Grant	76	76
Preventing Homelessness Grant	70	0
New Burdens Grant	160	84
Rogue Landlord Grant	107	72
Other	131	69
Total	33,024	32,707

The Council has received a number of developer's contributions that have yet to be recognised as income as they have conditions attached to them that require the monies to be returned to the giver if not used as prescribed. This liability is recognised in the Balance Sheet at £1,454,128 (2013/14: £965,418).

34. RELATED PARTIES

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 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. No material related party transaction balances remain outstanding at year end.

Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from Government departments are set out in the subjective analysis in note 28 to the financial statements on reporting for resources allocation decisions.

Members

A number of elected members are also members of Cambridgeshire County Council, Town and Parish Councils and have an interest in voluntary organisations that are grant aided by the Council.

Entities Controlled or Significantly Influenced by the Council

The Anglia Revenue Partnership (ARP) Joint Committee was set up to deliver the Housing Benefit, Council Tax and Business Rates service for Breckland Council and Forest Heath District Council. East Cambridgeshire District Council joined the partnership on 1 April 2007 and formally joined the Joint Committee in October 2010. St Edmundsbury Council joined the new Joint Committee on 1 April 2011. Waveney District Council, Fenland District Council and Suffolk Coastal joined the partnership on 1 April 2014. The seven authorities hold equal voting rights but shares in costs and surpluses arising from the arrangement are based on agreed share which is reviewed annually. This Council's share for 2014/15 was 13.46%.

This Council's share of partnership transactions and balances are included within the relevant lines within the accounts.

35. CAPITAL EXPENDITURE AND CAPITAL 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.

	2014/15 £000	2013/14 £000
Opening Capital Financing Requirement	326	529
<i>Capital investment</i> (as reported in notes 11-13)		
Property, Plant and Equipment	2,090	887
Intangible Assets	61	114
<i>Capital expenditure charged to Comprehensive Income and Expenditure Statement</i>		
Revenue Expenditure Funded from Capital under Statute	1,260	651
Sources of finance		
Capital receipts	(1,262)	(1,196)
Government grants and other contributions	(1,293)	(456)
Sums set aside from revenue:		
Direct revenue contributions	(379)	0
MRP	(140)	(203)
Closing Capital Financing Requirement	663	326
Explanation of movements in year		
Assets acquired under finance leases	477	0
MRP charge to Revenue	(140)	(203)
Increase/(decrease) in Capital Financing Requirement	337	(203)

36. LEASES

Council as Lessee

Finance Leases

The Council leases a number of vehicles and leisure equipment under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment (Vehicles, Plant, Furniture and Equipment) in the Balance Sheet at £682,368 (2013/14: £333,776).

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

	2014/15 £000	2013/14 £000
Finance lease liabilities (net present value of minimum lease payments):		
• current	148	140
• non –current	478	180
Finance costs payable in future years	66	23
Minimum lease payments	692	343

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000
Not later than one year	161	154	148	140
Later than one year and not later than five years	410	189	363	180
Later Than 5 Years	121	0	115	0
	692	343	626	320

Operating Leases - Vehicles, Plant and Equipment

The Council leases contract hire cars, reprographics and fitness equipment, by entering into operating leases, with typical lives of three to five years.

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

	31 March 2015 £000	31 March 2014 £000
Not later than one year	96	134
Later than one year and not later than five years	224	165
	320	299

Lease payments for 2014/15 amounted to £166,471 (2013/14: £161,024).

Operating Leases - Land and Buildings

The Council leases Whittlesey, Wisbech and March Fenland @ Your Service shops (on leases ranging from 5 to 15 years with review dates every 5 years). The Council leases nine properties for homeless families.

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

	31 March 2015 £000	31 March 2014 £000
Not later than one year	111	108
Later than one year and not later than five years	281	152
Later than five years	0	9
	392	269

Lease payments for 2014/15 amounted to £126,563 (2013/14: £132,791).

Council as Lessor

Operating Leases

The Council leases out land and property under operating leases for the purposes of provision of community (sports facilities) and economic development services.

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

	31 March 2015 £000	31 March 2014 £000
Not later than one year	51	64
Later than one year and not later than five years	64	76
Later than five years	485	499
	600	639

37. TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2014/15, resulting from a programme of service staffing reviews, incurring redundancy/compensation costs of £251,312 (£111,201 in 2013/14) – see note 31 of the financial statements for the number of exit packages and total cost per band.

38. DEFINED BENEFIT PENSION SCHEMES

(i) The Local Government Pension Scheme

Participation in pension scheme

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the following pension scheme:

- The Local Government Pension Scheme for civilian employees, administered by Cambridgeshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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 retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions are charged across all service headings in the Net Cost of Services in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme	
Comprehensive Income and Expenditure Statement	2014/15 £000	2013/14 £000
<i>Cost of Services:</i>		
• Current service cost	2,092	2,084
• Past Service Cost (including curtailments)	55	19
<i>Financing and Investment Income and Expenditure</i>		
• Interest income on scheme assets	(2,392)	(2,496)
• Interest cost on defined benefit obligation	4,326	4,426
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	4,081	4,033
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising:		
• Return on plan assets (excluding the amount included in the net interest expense)	(4,208)	2,051
• Actuarial gains and losses arising on changes in demographic assumptions	0	(1,858)
• Actuarial gains and losses arising on changes in financial assumptions	16,942	4,123
• Other	(1,060)	(4,363)
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	15,755	3,986
<i>Movement in Reserves Statement:</i>		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(1,978)	(2,181)
<i>Actual amount charged against General Fund Balance for pensions in the year:</i>		
• Employers' contributions payable to scheme	2,103	1,852

Pension Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme	
	2014/15	2013/14
	£000	£000
Present value of funded liabilities	(119,727)	(99,411)
Present value of unfunded liabilities	(1,161)	(1,272)
Fair value of plan assets	62,284	55,731
Net liability arising from defined benefit obligation	(58,604)	(44,952)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	Local Government Pension Scheme	
	2014/15	2013/14
	£000	£000
Opening fair value of scheme assets	55,731	55,675
Interest income	2,392	2,496
Remeasurement gain/(loss):		
• The return on plan assets, excluding the amount included in the net interest expense	4,208	(2,051)
Contributions from employer	2,103	1,852
Contributions from employees into the scheme	582	570
Benefits paid	(2,732)	(2,811)
Closing fair value of scheme assets	62,284	55,731

Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2014/15	2013/14
	£000	£000
Opening balance at 1 April	(100,683)	(98,493)
Current service cost	(2,092)	(2,084)
Interest cost	(4,326)	(4,426)
Contributions from scheme participants	(582)	(570)
Remeasurement gains and (losses):		
• Actuarial gains/losses arising from changes in demographic assumptions	0	1,858
• Actuarial gains/losses arising from changes in financial assumptions	(16,942)	(4,123)
• Other	1,060	4,363
Past service cost (including curtailments)	(55)	(19)
Benefits paid	2,732	2,811
Closing balance at 31 March	(120,888)	(100,683)

Local Government Pension Scheme assets comprised:

Asset Category	Fair Value of Scheme Assets							
	2014/15				2013/14			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets
Equity Securities:								
Consumer	6,156	0	6,156	10%	4,869	0	4,869	9%
Manufacturing	3,810	0	3,810	6%	4,602	0	4,602	8%
Energy and Utilities	1,751	0	1,751	3%	1,976	0	1,976	4%
Financial Institutions	5,083	0	5,083	8%	5,625	0	5,625	10%
Health and Care	3,026	0	3,026	5%	1,644	0	1,644	3%
Information and Technology	2,810	0	2,810	5%	3,334	0	3,334	6%
Other	0	0	0	0%	155	0	155	0%
Private Equity:								
All	0	4,407	4,407	7%	0	3,317	3,317	6%
Investment Funds and Unit Trusts:								
Equities	19,146	0	19,146	31%	17,929	0	17,929	32%
Bonds	9,476	0	9,476	15%	8,500	0	8,500	15%
Other	4,624	0	4,624	7%	3,066	0	3,066	6%
Cash and Cash Equivalents:								
All	1,862	0	1,862	3%	744	0	744	1%
TOTALS	57,744	4,407	62,151	100%	52,444	3,317	55,761	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund's liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2013.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme 2014/15	2013/14
Mortality assumptions		
<i>Longevity at 65 for current pensioners</i>		
Men	22.5 years	22.5 years
Women	24.5 years	24.5 years
<i>Longevity at 65 for future pensioners</i>		
Men	24.4 years	24.4 years
Women	26.9 years	26.9 years

Rate of inflation	2.4%	2.8%
Rate of increase in salaries	4.3%	4.6%
Rate of increase in pensions	2.4%	2.8%
Rate for discounting scheme liabilities	3.2%	4.3%

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 estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2013/14.

Change in assumptions at 31 March 2015	Approximate % increase to Employer Liability	Approximate Monetary Amount £000
0.5% decrease in real discount rate	11%	13,421
1 year increase in member life expectancy	3%	3,627
0.5% increase in the salary increase rate	4%	4,616
0.5% increase in the pension increase rate	7%	8,502

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has arranged a strategy with the scheme's actuary to achieve an appropriate funding level over the period until 31 March 2017.

The next triennial valuation is due to be completed as at 31 March 2016.

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

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £58.604m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

The Council anticipates paying £2.234m contributions to the scheme in 2015/16. The weighted average duration of the defined benefit obligation for scheme members is 20.3 years.

Further information can be found in Cambridgeshire County Council's Pensions Fund Annual Report, which is available from the Chief Finance Officer, Local Government Shared Services, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

(ii) Pilots' National Pension Fund (PNPF)

The Council, in its' statutory role as Competent Harbour Authority is responsible for the safe navigation and pilotage of commercial ships from The Wash to the Ports of Wisbech and Sutton Bridge. All vessels over 20 metres overall length are subject to compulsory pilotage. Past Pilots and one of the current Pilots who carry out this service on behalf of the Council are members of the Pilots National Pension Fund (PNPF). Contributions to this fund are by way of a prescribed formula set by the PNPF and the amounts paid over are recoverable from Pilotage Fees levied by the Council on the ships using the service.

Previously, the Pilots, although licensed by the Council through its' role as Competent Harbour Authority, were self-employed. From April 2014 all Pilots are employed by the Council, although only one is a member of the PNPF.

In common with many defined benefit pension schemes, the PNPF has a significant deficit and following long and protracted court action, the Court held that the Trustee (of the PNPF) had wide power to amend the Rules of the Scheme in order that the deficit might be made up. In practical terms, the judgement meant that all 53 entities (including this Council) that participate in the scheme (called 'Participating Bodies'), whatever their status, are liable to contribute to the Scheme's deficit.

The PNPF is technically a defined benefit scheme. However, the Scheme is unfunded and the Trustee uses a notional fund as the basis for calculating the employers' contribution rate paid by employer organisations. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of these financial statements, it is therefore accounted for on the same basis as a defined contribution scheme.

The last formal triennial actuarial valuation of the PNPF as at 31 December 2013, revealed a total funding shortfall of £203.0m. (An updated valuation as at 31 December 2014 shows an estimated shortfall of £190.3m). In September 2012, the PNPF started a consultation process with all Participating Bodies regarding the valuation process and potential deficit recovery options. Following extensive feedback, the PNPF notified all Participating Bodies of the outcome of the consultation and the final agreed deficit recovery plan. This was to ensure that the deficit would be recovered over a 16 year period (with effect from 1 January 2013) with stepped increases in the annual deficit recovery amounts. Consequently, the Council's overall liability over the 16 year recovery period has been determined by the PNPF as £1.526m, of which £68k, was paid over in 2014/15, (£58k, 2013/14) rising annually to approximately £120,000 in the final year. The Council is allowed to set fees at a level which will recover these costs so there will be no impact on the Council's taxpayer.

The court judgement has effectively determined that all Participating Bodies are liable for the deficit and consequently are deemed to be 'members' of the scheme. In view of this, the Council is treating the deficit and annual contributions to the PNPF in accordance with The Local Authorities (Capital Finance and Accounting) Regulations 2003, as amended in 2010, which states that local authorities should only charge their revenue accounts with the amount demanded by the pension fund in that financial year.

39. CONTINGENT LIABILITIES

Material contingent liabilities are not recognised within the accounts as an item of expenditure or income, but are required to be disclosed in a note to the financial statements.

Stock Transfer

As part of the stock transfer agreement completed on 5 November 2007, the Council gave Roddons HA certain warranties in relation to transferring staff, property and environmental pollution. This is to ensure that there are no matters in connection with the land or property transferring that could cause the housing association financial or other loss. The Council has given warranties both to the association and separately to the association's funders. This is standard practice for all stock transfers. The duration of the various warranties in the contract are up to 30 years from completion.

The potential amounts the Council could be liable for under these warranties are unquantifiable. However, the risks associated with the warranties are considered low and therefore are not expected to have a material impact on the Council's accounts.

Pilots' National Pension Fund (PNPF)

Currently, the Council employs three pilots, one of which is a member of the PNPF. If the Council ceases to employ active members of the PNPF in the future, this could result in lump sum payments becoming due to the PNPF under Government "section 75 debt" legislation, unless the Council takes certain steps under the legislation, e.g. another pilot becoming a member of the PNPF within 12 months of the previous one ceasing.

The potential amount the Council could be liable for as a result of triggering a "section 75 debt" payment may be substantial. The Council is currently assessing the operational, legal and financial implications in order to mitigate the impact of any future lump sum payment.

THE COLLECTION FUND

Total 2013/14 £000		N o t e	Council Tax 2014/15 £000	NNDR 2014/15 £000	Total 2014/15 £000
INCOME					
43,640	Council Tax Payers	2	45,494	0	45,494
	Contribution towards previous year's estimated Collection Fund deficit:				
18	Fenland District Council		0	0	0
71	Cambridgeshire County Council		0	0	0
11	Cambs. Police & Crime Commissioner		0	0	0
4	Cambridgeshire Fire Authority		0	0	0
24,697	Income from Business Ratepayers	3	0	24,840	24,840
68,441			45,494	24,840	70,334
EXPENDITURE					
	Precepts:				
7,304	Fenland District Council		7,507	0	7,507
29,235	Cambridgeshire County Council		30,305	0	30,305
4,728	Cambs. Police & Crime Commissioner		4,898	0	4,898
1,708	Cambridgeshire Fire Authority		1,736	0	1,736
	Business Rates:				
11,676	Payment to Government	3	0	11,621	11,621
2,102	Payment to Cambridgeshire County Council	3	0	2,092	2,092
233	Payment to Cambs. Fire Authority	3	0	232	232
9,341	Payment to Fenland District Council	3	0	9,297	9,297
127	Cost of Collection Allowance		0	127	127
	Bad and Doubtful Debts				
433	Write Offs in Year	4	283	59	342
211	Increase in Bad Debts Provision	4	210	144	354
1,016	Provision for Appeals (net increase)	5	0	446	446
68,114			44,939	24,018	68,957
(327)	Surplus for the Year		(555)	(822)	(1,377)
COLLECTION FUND BALANCE					
51	Balance brought forward at 1 April		(304)	28	(276)
(327)	(Surplus)/Deficit for the year (as above)		(555)	(822)	(1,377)
(276)	Balance carried forward at 31 March	6	(859)	(794)	(1,653)

NOTES TO THE COLLECTION FUND ACCOUNTS

1. GENERAL

The Collection Fund 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 local government bodies and the Government.

2. COUNCIL TAXPAYERS

Council Tax income is derived from charges raised according to the value of residential properties, which have been classified into 8 valuation bands using estimated valuations as at 1 April 1991. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Cambridgeshire County Council, Cambridgeshire Police Authority, Cambridgeshire Fire Authority and the Council for the forthcoming year, and dividing this figure by the Council Tax base of 27,011 in 2014/15 (2013/14: 26,576). The increase in Council Tax base in 2014/15 is a result of a combination of new builds and changes to the Council Tax Reduction Scheme approved by Council at its' meeting on 19 December 2013.

The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent adjusted for discounts etc. This basic amount of tax for a Band D property (average of £1,645.46 for 2014/15 compared to £1,617.08 for 2013/14) is then multiplied by the proportion specified for the particular Band (after adjusting for individual Parish Council precepts) to give an individual amount due.

Council Tax bills were based on the following proportions for Bands A to H:

	Proportion of Band D Charge (ninths)	Equated no of Chargeable Dwellings
Band A	6	6,874
Band B	7	6,942
Band C	8	6,261
Band D	9	3,801
Band E	11	2,208
Band F	13	678
Band G	15	227
Band H	18	20
		<hr/> 27,011 <hr/>

Income received from Council Tax payers in 2014/15 was £45.494m (£43.64m in 2013/14)

3. NATIONAL NON-DOMESTIC RATES (NNDR)

The Council collects NNDR for its' area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme, which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of Fenland, the local share is 40%. The remainder is distributed to Central Government (50%), Cambridgeshire County Council (9%) and Cambridgeshire Fire Authority (1%).

The business rates shares payable for 2014/15 were estimated before the start of the financial year as £11.621m to Central Government, £2.092m to Cambridgeshire County Council, £0.232m to Cambridgeshire Fire Authority and £9.297m to Fenland Council. These sums have been paid in 2014/15 and charged to the collection fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority, identifying the expected level of retained business rates and a top-up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top-ups to those authorities who do not achieve their targeted baseline funding. In this respect, Fenland paid a tariff to the government of £6.218m in 2014/15 (£6.099m in 2013/14) which is charged to the General Fund.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates appeals outstanding as at 31 March 2015. As such, authorities are required to make a provision for these amounts. The total provision charged to the Collection Fund for 2014/15 has been calculated at £0.446m.

The total NNDR income due (including transitional protection) from business ratepayers for 2014/15 was £24.84m (2013/14 £24.697m). The local non-domestic rateable value at 31 March 2015 was £64,862,841 (£63,218,341 at 31 March 2014). The national multipliers for 2014/15 were 47.1p for qualifying Small Businesses and a standard multiplier of 48.2p for all other businesses (46.2p and 47.1p respectively in 2013/14).

In addition to the tariff payment, a 'levy' payment is due to Central Government on business rate income achieved over the baseline amount. The comparison of business rate income for levy purposes, uses the total income collected from business ratepayers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief (announced in the Autumn Statement 2012) and other reliefs (announced in the Autumn Statement 2013), not allowed for when the scheme was set. The levy is set at 50% of the growth above the baseline level and for 2014/15, a levy payment of £348,248 (£206,263 in 2013/14) is due to Central Government and this has been charged to the General Fund.

4. PROVISION FOR NON PAYMENT OF COUNCIL TAX AND NNDR

The Collection Fund account provides for bad debts on arrears on the basis of prior years' experience and current years collection rates.

Council Tax Bad Debts Provision

2013/14 £000		2014/15 £000
345	Balance at 1 April	541
(218)	Write-offs during year for previous years	(283)
414	Contributions to provision during year	493
196	Net increase in Provision	210
541	Balance at 31 March	751

The Council's proportion of this provision at 31 March 2015 is £126,432 (£91,971 at 31 March 2014).

Non- Domestic Rates Bad Debts Provision

2013/14 £000		2014/15 £000
306	Balance at 1 April	321
(215)	Write-offs during year for previous years	(59)
230	Contributions to provision during year	203
15	Net increase in Provision	144
321	Balance at 31 March	465

The Council's proportion of this provision at 31 March 2015 is £185,842 (£128,438 at 31 March 2014).

5. PROVISION FOR APPEALS – NON-DOMESTIC RATES

The Collection Fund account also provides for provision for appeals against rateable values set by the Valuation Office Agency (VOA) which have not been settled as at 31 March 2015.

2013/14 £000		2014/15 £000
0	Balance at 1 April	1,016
0	Write-offs during year for previous years	(1,016)
1,016	Contributions to provision during year	1,462
1,016	Net increase in Provision	446
1,016	Balance at 31 March	1,462

The Council's proportion of this provision at 31 March 2015 is £584,518 (£406,295 at 31 March 2014).

6. DEFICIT/ (SURPLUS) ON COLLECTION FUND

Council Tax Collection Fund

The surplus of £859,432 at 31 March 2015 (£303,985 surplus at 31 March 2014), which related to Council Tax, will be reimbursed in subsequent financial years to Cambridgeshire County Council, Cambridgeshire Police and Fire Authorities and the Council in proportion to their shares of the total Council Tax raised.

This Council's share of the surplus (£145,001) is reported within the Collection Fund Adjustment Account.

The total Council Tax Collection Fund surplus is therefore shared as follows:

	31 March 2015	31 March 2014
	£000	£000
Fenland District Council	(145)	(51)
Cambridgeshire County Council	(587)	(207)
Cambridgeshire Police & Crime Commissioner	(94)	(34)
Cambridgeshire Fire Authority	(33)	(12)
Total (Surplus) /Deficit	(859)	(304)

Non-Domestic Rates Collection Fund

The surplus of £793,702 at 31 March 2015 (£28,540 deficit at 31 March 2014), which related to Business Rates, will be reimbursed in subsequent financial years to Cambridgeshire County Council, Cambridgeshire Fire Authority, Central Government and the Council in proportion to their shares of business rates income.

This Council's share of the surplus (£317,481) is reported within the Collection Fund Adjustment Account.

The total Non-Domestic Rates Collection Fund (surplus)/deficit is therefore shared as follows:

	31 March 2015	31 March 2014
	£000	£000
Fenland District Council	(318)	11
Cambridgeshire County Council	(71)	3
Cambridgeshire Fire Authority	(8)	1
Central Government	(397)	14
Total (Surplus)/Deficit	(794)	29

Independent auditors' report to the Members of the Fenland District Council (the "Authority")

Report on the financial statements

Our opinion

In our opinion, Fenland District Council's financial statements (the "financial statements"):

- give a true and fair view of the state of the Authority's affairs as at 31 March 2015 and of the Authority's income and expenditure and cash flows for the year then ended; and
 - have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.
-

What we have audited

The financial statements comprise:

- the Balance Sheet as at 31 March 2015;
- the Comprehensive Income and Expenditure Statement for the year then ended;
- the Movement in Reserves Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Collection Fund for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

In applying the financial reporting framework, the Corporate Director (Chief Finance Officer) has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Code of Audit Practice

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

Other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012) or is misleading or inconsistent with information of which we are aware from our audit; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or

- we make any recommendations under section 11 of the Audit Commission Act 1998 that requires the Authority to consider it at a public meeting and to decide what action to take in response ; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Corporate Director (Chief Finance Officer)

As explained more fully in the Statement of Responsibilities set out on page 5 the Corporate Director (Chief Finance Officer) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Authority’s members as a body in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies – Local Government, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (“ISAs (UK & Ireland)”). 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 Corporate Director (Chief Finance Officer); and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Corporate Director’s (Chief Finance Officer) judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Statement of Accounts 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.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission on 13 October 2014, we are satisfied that, in all significant respects, Fenland District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

What a review of the arrangements for securing economy, efficiency and effectiveness in the use of resources involves

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission on 13 October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

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

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Our responsibilities and those of the Authority

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

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

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

Certificate

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

Ciaran McLaughlin (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

- (a) The maintenance and integrity of the Fenland District Council website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Statement of Accounts since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of the Statement of Accounts may differ from legislation in other jurisdictions.

ANNUAL GOVERNANCE STATEMENT

1 Scope of responsibility

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

In discharging this overall responsibility, Fenland District Council is responsible for putting in place proper arrangements for the governance of its affairs, and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions, and which includes arrangements for the management of risk.

Fenland District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.fenland.gov.uk or can be obtained from the Chief Finance Officer. This statement explains how Fenland District Council has complied with the code and also meets the requirements of regulation 4 (3) of the Accounts and Audit Regulations 2011 in relation to the publication of an annual governance statement.

2 The purpose of the governance framework

The governance framework comprises the systems and processes for the direction and control of the authority and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

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

The governance framework has been in place at Fenland District Council for the year ended 31 March 2015 and up to the date of approval of the annual performance report and statement of accounts.

3 The governance framework

Fenland District Council has a responsibility for ensuring a sound system of governance to meet statutory requirements requiring public authorities to adhere to proper practices in reviewing the effectiveness of their system of internal control and preparing an annual governance statement.

This governance statement meets that requirement and sets out brief details of the arrangements that the Council has in place regarding the key systems and processes comprising the Council's governance framework, which incorporates the Local Code of Governance adopted by the Council covering six core principles and the accompanying supporting principles contained within the "CIPFA/SOLACE Framework for delivering good governance in Local Government 2006".

Elements of the framework

The key elements of the systems and processes that comprise the authority's governance arrangements are as follows:

Communicating vision

The Corporate Planning Framework of the Council ensures the delivery of services and projects to improve quality of life for Fenland residents. Partners, through the Fenland Strategic Partnership, meet and establish priorities for delivery to address the statutory duty of promoting the well-being of the district.

The Council, through its [Corporate Plan](#) establishes its objectives by consultation with its key regional/local partners and the public as well as with reference to statutory duties, local needs and national priorities. The Corporate Plan communicates the Council's vision of its purpose and intended outcomes for citizens and service users.

Reviewing the vision

The Council's capacity to deliver its vision is reviewed within operational plans that support the Corporate Plan each year. Service quality is measured via customer communication channels and by measurement of performance indicators against similar service providers. Testament to the high quality service the Council provides is the achievement of corporate Customer Service Excellence. CMT and managers, as well as the Council's Policy and Communications Team and Overview and Scrutiny Committee review processes for efficient and effective use of resources.

Translating the vision into objectives

The Corporate Plan objectives are then cascaded down to team and staff objectives. Achievement of corporate objectives is monitored regularly via the performance monitoring framework and monitoring reports to Portfolio Holders, the Overview and Scrutiny Panel and Full Council. Progress against intended outcomes is reported in the Council's Annual Report.

Measuring quality of services for users and value for money

The Council's Corporate Plan drives the medium term financial strategy and resource allocation. Measures of service delivery against the corporate objectives are determined, which measure factors such as quality and efficiency and effective use of resources. These measures are jointly monitored on a monthly basis through Cabinet/CMT Portfolio Holder briefings and scrutinised by the Overview and Scrutiny panel. The key performance information of the Council, plus summary financial information, is captured in the [Annual Report](#).

A commitment to continuous improvement is achieved through training, consultation, performance measurement, complaints and comments.

The Council utilises internal and external inspections to inform the performance standards and methods of operation for its key services. Customer Service Excellence accreditation and Investors in People accreditation has in particular helped to ensure high standards of customer care and staff development. Additional examples include inviting Local Government Association peer review and Planning Advisory Service peer review to provide an external perspective and to help identify further opportunities for improvement.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers in accordance with prescribed and best practice guidelines from professional bodies and institutions. Examples include:

- Comprehensive budget setting systems.
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts.
- Setting targets to measure financial and other performance.
- A Medium Term Financial Strategy.
- Clearly defined capital expenditure guidelines, authorisation and monitoring.
- Where appropriate, formal project and risk management disciplines.

Defining roles and responsibilities

The Council has adopted a Constitution, which sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

The Constitution details Member structures and roles, including relationships to Senior Officers. It enables determination of delegated and reserved powers and details those matters reserved for collective decision of the Council. Committee Rules of Procedure enable Committee Members to have access to relevant information and officers to support decision-making. The Overview and Scrutiny Panel has the power of call-in, entitling it to recommend re-consideration of decisions made, but not implemented. The Corporate Governance Committee has responsibility for reviewing governance arrangements.

Developing standards & codes of conduct

The Council has in place the Code of Conduct for Council Members. All Council Members are required to sign a registration of interests within 28 days of their acceptance of office. A standing item of all Council meeting agendas is the item requiring declaration of interests.

The Council has in place a Conduct Committee and a Monitoring Officer to promote and maintain high standards of conduct by members.

There is a staff Code of conduct, Capability and Disciplinary procedure, Anti-fraud and corruption policy, Whistle blowing policy, Values statement and Competency framework. The Human Resource Services of the Council monitor and report upon the effectiveness of staff codes for conduct.

Reviewing effectiveness of decision making

The Council has a robust and comprehensive performance management framework in place that ensures monitoring on performance, finance and risks in relation to achievement of service and corporate objectives. The process ensures inclusion of Corporate Management Team and Cabinet Members. The Council has a Policy and Communications team to enhance the control environment by ensuring the accurate and timely measurement and management of key performance indicators and data quality in performance information.

The Council identifies its key systems and ensures that robust continuity and risk management arrangements exist, to maintain delivery of key services and financial systems

Reviewing effectiveness of managing risks

The Council has a Risk Management Strategy and Standard that has enabled the monitoring of risk within projects, Service Plans, performance management, financial planning, policy setting and decision making. The Council has a balanced risk appetite that allows new ideas to be explored and encourages innovation. The Risk Management Framework enables risks to be escalated to an appropriate authority in the organisation to be managed. The Corporate Risk Register is reported as appropriate, at least 6 monthly, and Risk Management Strategy is reviewed annually by Corporate Governance Committee.

Effective counter fraud and corruption

The Council has an Anti-fraud & corruption strategy and policy that ensures effective counter-fraud and anti-corruption arrangements are developed and maintained. Arrangements are evaluated against best practice guidance from professional bodies such as CIPFA Counter Fraud Centre, the National Audit Office and the National Crime Agency. The policy is reviewed for effectiveness annually by the Corporate Governance Committee.

Effective management of change and transformation

The Corporate Management Team is responsible for managing risks from imposed legislative and economic change, and identifying opportunities to improve service delivery.

The Council has developed a number of successful partnership and shared service arrangements, and continues to seek innovative opportunities to be efficient through Service Transformation. The strategic approach to modernisation and transformation is based on maintaining or improving services by reviewing processes and changing the way they are delivered.

Where appropriate these are managed by the Council's performance management framework and corporate risk management framework.

CIPFA Statement on the Role of the Chief Financial Officer in Local Government

Fenland District Council operates arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

CIPFA Statement on the Role of the Head of Internal Audit

Fenland District Council operates arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

The Internal Audit Team operates to the standards set out in the CIPFA 'Application note for Local Government' which is based on the IIA 'Public Sector Internal Audit Standards'.

Undertaking core functions of audit committee

The Council has a Corporate Governance Committee that reports annually to Council. Their purpose is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

The Committee meets at least four times a year to deliver its core functions. This includes key duties, set out within the Council's constitution, which enables it to act as the principle non-executive advisor to the Council. The Committee follows best practice established by CIPFA, and demonstrates delivery of its core functions, its effectiveness and independence by reporting annually to Council.

Arrangement to discharge the monitoring officer function & head of paid service

The Council's statutory officers are the Head of Paid Service – the Chief Executive, the Corporate Director & Chief Finance Officer and the Corporate Director & Monitoring Officer. They are responsible for ensuring that the Council operates within the law and in accordance with established policy and procedure.

Compliance with relevant laws and regulations, policies and procedures

The Monitoring Officer will report to the full Council if they consider that any proposal, decision or omission would give rise to unlawfulness or maladministration. The Chief Finance Officer is specifically responsible for the proper discharge of the Council's financial arrangements and must advise Members where any proposal is unlawful, or where expenditure is likely to exceed resources.

The Corporate Management Team has responsibility for ensuring that legislation is implemented and complied with within service areas. Assurance that this is achieved is obtained from Internal Audit reviews, the work of the Council's Legal Service, external inspector's reports, review of complaints and ombudsman's reports and self-assessments completed by the Corporate Directors of the Council.

Whistleblowing & customer complaints

The Council maintains and promotes a corporate whistleblowing policy that is regularly reviewed against best practice such as British Standards Institution PAS(2008) and guidance from Public Concern at Work.

The Council operates a '3Cs' process which monitors the number of Compliments, Correspondence and Complaints received and the time it taken to respond. Monitoring this information helps identify trends and enables the Council to provide an efficient service by adapting our service to the customer's needs.

Member and senior officer strategic training needs

The development of member and officers skills in relation to their roles is monitored and ensured via training and awareness sessions throughout the year identified from induction and through the staff annual appraisal system, which is linked to Corporate and Service Planning.

The Council promotes and provides regular training in respect of its Financial Regulations and Code of Procurement to aid financial control and effective expenditure.

The Council is Investors In People accredited and is committed to continued development of its employees.

Consulting with community & stakeholders

The Council completes both statutory and non-statutory consultation. It ensures that there are channels for extensive communication, and communication, with all sections of the community and stakeholders. The Council uses these channels, such as the website, and community hubs, to consult on activities including planning, licensing and policy development. Additionally the community and stakeholders can feedback on the Councils decisions and performance, in line with Customer Service Excellence standards which are regularly assessed.

Enhancing accountability and effectiveness of other providers

The Council works in partnership with other public sector bodies to share experience and bring local perspective to cross cutting work in Cambridgeshire. This helps to enhance the accountability for service delivery and effectiveness of other public service providers.

Good governance in partnership working

The Fenland Strategic Partnership governs some decision-making and control of financial commitments between key partners and the Council. Other commitments are documented within strategies and project plans.

In addition the Council has developed a number of successful partnerships and shared service arrangements. Examples include efficient delivery of services through the Anglia Revenues Partnership, Home Improvement Agency, CNC Building Control; and effective use of assets by sharing accommodation with other Public Sector Organisations through Community Hubs.

The Governance Framework extends into the Council's relationships with its key partners and provides assurance as to the performance and achievement of shared objectives and intended outcomes. Performance is published in the Council's annual report, Overview and Scrutiny reports and Full Council reports.

4 Review of effectiveness

Fenland District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Management Team and Management within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit' annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes throughout the year. The following actions and processes have been applied in maintaining and reviewing the effectiveness of the system of internal control over the last twelve months:

Council

The Council has agreed a number of policies and corporate documents that help deliver its vision and objectives:

- A three year Corporate Plan, with priorities was approved. This links various plans and cross cutting strategies, to ensure delivery of Corporate and District-wide objectives.
- The Medium Term Financial Strategy has been reviewed and updated and is embedded in the business planning process. Additionally, the Council has approved treasury and investment strategies, the General Fund budget and Council Tax levels.
- The Fenland Local Plan was adopted, following public consultation and approval from an independent inspector. The Local Plan sets the planning framework for the district to 2031, including growth targets and planning policies.
- Members have approved constitutional changes, and updated the Planning Scheme of Delegation, to improve efficiency of the planning service.
- The Licensing Act 2003 has been amended to give the status of Responsible Authority to the Licensing Authority. The Council can make representations to applications, via an amended scheme of delegation, which will improve efficiency and reduce the risk of legal challenge. Members approved changes to the constitution and the Statement of Licensing Policy to reflect this.
- The Council Tax Support Scheme was reviewed and approved. In response to an unplanned flooding event Members also agreed that a fixed period Council Tax exemption would be offered in respect of properties left unoccupied.

The Council has maintained its capacity and capability to be effective through ongoing reviews of governance arrangements:

- Members elected a new leader for the period until the end of the current term of the Council. This demonstrates the organisation had defined its roles and responsibilities, and was committed to continuing effective and accountable decision making in this period.
- Members approved the appointment of the Monitoring Officer as per Section 5 of the Local Government and Housing Act 1989.
- Members approved constitutional changes that amended the process for the handling of initial complaints in relation to member conduct. These changes reflect current practice, developed since the Localism Act.
- Following an electoral review of District ward boundaries, by the Local Government Boundary Commission for England, Members approved the Community Governance review for consultation.
- The Openness of Local Government Bodies Regulations 2014 clarified rules on recording meetings, and members have approved constitutional changes to reflect this, which supports transparency and accountability.
- As part of the ongoing Service Transformation and efficiency savings, Members endorsed the proposal to join CNC Building control partnership. This enabled the Council to reduce costs, increase income, improve resilience and retain expertise within the Fenland District area. The Council are full partners, with member representation on the CNC Partnership Joint Committee.
- Members noted changes to the governance arrangements of the Anglia Revenues Partnership. Waveney and Suffolk Coastal District Councils have joined as full partners. This will improve governance of the Joint Committee and mitigate the risk of decisions affecting all partners. This working arrangement also enables all seven authorities to pool their Revenues and Benefits resources to generate shared savings.

Cabinet and Corporate Management Team

Effective financial control resulted in the Council responding to budgetary changes, and achieving an under-spend in the revised General Fund budget. Additionally, the original approved contribution from balances of £50,000 was not required. The Council has benefited from the growth in business rates, contributing to a surplus on the Business Rates Collection Fund. Significant planned efficiencies have been delivered, plus continuous improvement is being considered through Service Transformation.

The Corporate Management Team has ensured a robust and resilient budget for the following year. Within the year the Portfolio Holder for Finance, and the Cabinet, have received regular budget monitoring reports showing the Council's financial performance.

The Cabinet and Corporate Management Team have ensured maintenance of acceptable standards in financial reporting, standing and control as reported upon by the Council's external auditors.

Appropriate arrangements are in place for identifying and delivering structured member training and skills development needs. The staff and councillor induction process continues to encompass statutory obligations and identification of further induction training specific to individual services and roles.

The Corporate Management Team has ensured robust data management and security standards, and has committed to sharing data lawfully with other public sector bodies to improve outcomes for Fenland's residents.

Effective communication and consultation has been maintained, through the principles of the Customer Service Excellence inspection standard, with all stakeholders and sections of the community. Subsequently the Council achieved successful reaccreditation following a rigorous inspection.

A number of key decisions were made that both communicated and reviewed the Council's vision and translated these into objectives for the Council and its Partnerships. This demonstrated a commitment to good governance, and included approving and reviewing:

- Corporate Plan 2015-18
- Annual report;
- Council Tax Support Scheme;
- Fees and charges 2015-18;
- Corporate Debt policy
- Capital investment in George Campbell Leisure Centre
- Joining CNC building control partnership
- ICT modernisation including hybrid cloud storage solutions
- Accommodation review and opportunities for partnership working
- Fenland Health and wellbeing strategy 2015 - 18

Corporate Governance

The Corporate Governance Committee has completed a work plan that helps monitor effective governance. The Committee:

- Approved and monitored the actions for improvement as required in the previous Annual Governance Statement.
- Approved and monitored the Risk Management framework and corporate risk register.
- Monitored performance of Internal Audit and approved the risk based internal audit plan and Charter.
- Noted the reports of External Audit, such as the Annual Governance Report, Annual Audit Letter, Annual Certification report, plus the external audit plan.
- Reviewed and approved the corporate Anti-Fraud and Corruption policy.
- Overseen the maintenance of standards in financial reporting, standing and internal control.
- Reviewed the Regulatory of Investigatory Powers Act.
- Approved the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and the Annual Investment Strategy.
- Approved the Statement of Accounts 2013/14.
- Reviewed how the Corporate Governance Committee delivered its objectives and displayed good characteristics in reference to the latest best practice guidance published by CIPFA.

Standards, conduct and ethical behaviour

The Council has a Monitoring Officer, and a Conduct Committee, to promote and maintain high standards of conduct by members. The Committee and the Monitoring Officer have:

- Reviewed standards of conduct for Members, and introduced a new procedure for handling of initial complaints.
- Ensured compliance with standards.
- Ensured compliance with requirements for declarations of interest.
- Provided advice on conduct matters.
- Ensured remedial action occurs, for non-compliance with appropriate standards or where other circumstances have deemed that appropriate action is taken.
- Maintained a framework for identifying and implementing new legislative requirements upon the Council.

The Overview and Scrutiny Panel have:-

- Completed reviews of Council activity, in order to ensure effective and efficient service delivery and policy design, such as the Local Council Tax Support Scheme, Draft Corporate Plan, Medium Term Financial Strategy and Fees & Charges.
- Reviewed the needs and options for future accommodation requirements, along with opportunities for income generation.
- Regularly reviewed the progress in delivering performance objectives of the Corporate Plan.
- Scrutinised external partners including Fenland Health and Wellbeing Partnership, Fenland Community Safety Partnership, Wisbech 2020 Vision, Anglia Revenues Partnership and Roddons.

The Council has considered organisational policies and management through the Staff Committee including:

- Revision of People policies in response to legislation (Flexible retirement, modernisation).
- Revision of Safeguarding policy, with support from Local Safeguarding Children's Board.
- Proposed service reviews to ensure minimum impact on front line services and priorities, whilst delivering required savings.
- Health & Safety performance, which noted a continued low volume of accidents reported.

Internal control

The Corporate Director & Chief Finance Officer has:

- Ensured provision of timely, accurate and impartial financial advice and information to assist in decision making.
- Maintained and reported to Council the Treasury Management Strategy and legislative changes.
- Ensured arrangements are maintained for keeping under review appropriate management accounting systems, functions and controls.
- Reviewed, in conjunction with line management, the effectiveness of Internal Audit against the standards set out in the CIPFA 'Application note for Local Government' which is based on the IIA 'Public Sector Internal Audit Standards'.
- Managed the impact of localisation of business rates and council tax benefit.
- Reported the Medium Term Financial Strategy, Revenue Budget and Capital Programme.
- Prepared and reported the Statement of Accounts 2013/14.

Internal Audit has:

- Performed reviews of key services and financial procedures of the Council and reported to the Corporate Governance Committee, advising as to the level of assurance that can be applied to the Council's control framework.
- Investigated allegations or suggestions of fraud or corruption and suggested revisions to improve systems for prevention and detection of such activity.
- Reviewed the whistle blowing policy for effectiveness against professional standards.
- Provided risk management and business continuity training to staff.
- Promoted good standards of information governance, and supported the development of a Countywide Information Sharing Framework.

The opinion on internal control from Internal Audit is reported to the Corporate Governance Committee in the Internal Audit outturn report each year. The opinion for 2014/15 is that there is "adequate assurance as to the adequacy and effectiveness of internal controls in mitigating risks to the Council's objectives". The report includes assurance that Management have adopted plans for improvement in control where necessary and within appropriate timescales that will be followed-up to ensure further improvement is delivered.

Reviews by external inspectors:

The externally appointed auditors, PwC, issued a governance report as at September 2014 which provided an unqualified opinion on the 2013/14 statement of accounts. The report praised the management and staff of the Council, and reflected positively on the co-operation, quality of working papers and timeliness of provision of information.

This positive assurance was followed up by the Annual Audit letter which explained that in all significant respects the Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources and an unqualified value for money conclusion was given.

The Council continues to demonstrate compliance against the Customer Service Excellence standard, the UK Government's national standard for excellence in customer service. The standard demonstrates our culture and behaviours, and that we engage with customers and partners, and deliver effective use of resources.

The Council has continued to meet the requirements of the National Investors in People Standard following a further independent inspection during the year.

The Council recognises the importance of continuous improvement, and actively participate in reviews. A planning peer review helped to identify areas which the Council could focus on to improve the service. The Fenland Local Plan, which sets the planning framework, was also reviewed and declared “sound” by an independent inspector and subsequently adopted.

The Council’s process for Electoral Registration was positively evaluated by the Electoral Commission using their performance standards.

5 Governance issues and action plan

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

	Issue raised	Summary of action
1	<p>The Council faces continuing financial challenges, both in 2015/16 and over the medium term, resulting from changes to central government funding.</p> <p>The Council has successfully delivered £8m of savings since 2010 which is over 48% of our revenue budget through partnership arrangements, transformation and modernisation of teams, procurement and income generation.</p> <p>The Council faces continuing uncertainties relating to the Pilots National Pension Fund, which is in deficit. The Council is currently paying a contribution, funded through Statutory Harbour dues.</p> <p>The Council must continue to be prepared to respond to financial challenges and to minimise the impact on Fenland. In 2013/14 Members approved the Council's approach to Service Transformation, to identify further efficiencies as part of the Medium Term Financial Strategy. Developing alternative delivery models, with partner organisations, can bring new risks as well as rewards. Service Transformation is based on the two principles, that the quality of service remains acceptable to the Council and that proposals generate efficiency savings towards the Council's budget gap.</p>	<p>The Chief Finance Officer, with the Chief Executive will review the impact of change upon the Council in conjunction with the Leader, the Finance Portfolio Holder, and Cabinet.</p> <p>The Corporate Management Team has put in place heightened monitoring and response arrangements to provide the Cabinet with information regarding the impact of Central Government funding changes.</p> <p>The Corporate Management Team will assess the operational, legal and financial implications of the Pilots National Pension Fund.</p> <p>The Corporate Management Team will monitor the available funding, balances and reserves, using robust financial controls to respond to any financial changes and identify joint opportunities for efficiency.</p> <p>The Corporate Management Team will monitor governance arrangements, and communicate shared risks, opportunities and assurance.</p>

	Issue raised	Summary of action
2	<p>The Welfare Reform Act 2012 will continue to influence the delivery of Council services.</p> <p>The introduction of Universal Credit, under the DWP, will reduce the amount of administrative grant paid to the Council in respect of Housing Benefits payments and Local Council Tax Reduction schemes.</p> <p>The Single Fraud Investigation Service (SFIS), managed by the Department for Work and Pensions (DWP) will undertake all benefit investigations from September 2015.</p> <p>The Council's approach to managing fraud and corruption risk will need to adapt over the medium term in response to this.</p> <p>The Anglia Revenues Partnership (ARP) is responsible for administration of council tax, business rates. It is important that the Council's good collection rates and proactive fraud work is maintained.</p> <p>Corporate and internal fraud risks will continue to be managed internally.</p>	<p>Recovery of Council Tax and Business rates is managed by the ARP partnership. The ARP Operational Improvement Board supports the Joint Committee to monitor the performance of the ARP, which is reported to Overview and Scrutiny at least annually.</p> <p>Cabinet has agreed that a permanent Counter Fraud team is retained to continue investigating fraud and error as part of ARP, which will be developed throughout 2015/16. The approach to integration with SFIS will be managed with the ARP, so that the Council minimises the impact to staff and continues to be effective at delivering its priorities. Greater emphasis will be placed on prevention and compliance activity to mitigate the impact of fraud.</p> <p>Fraud and corruption risks will continue to be appraised as part of the Internal Audit Plan.</p> <p>Any strategic changes, that impact the Council's counter fraud capability, will continue to be reported to the Corporate Governance Committee as part of the annual review.</p>
3	<p>The Accounts and Audit regulations 2015 replace existing legislation and apply from the financial year beginning April 2015.</p> <p>A key element of the regulations is that the accounts preparation timetable is reduced from 2017/18. Accounts will need to be completed and approved a month earlier. Consequently both Councils and audit firms will need to change their processes and business models accordingly.</p> <p>From 2015/16 the externally appointed auditors will be Ernst & Young.</p> <p>The change has the potential to reduce the burden of the closure process and enable more resources to be focussed on in-year financial management. However resources will need to be committed to redesigning established processes to achieve this.</p>	<p>Officers will work with the appointed external auditors, to agree on planned approaches and to build capacity into work planning for any new working methods, which will help prepare for the new timescales for accounts preparation.</p> <p>Officers will work with peers and professional networks to identify good practice and alternative processes.</p>

	Issue raised	Summary of action
4	<p>The Council must be prepared to address any impacts that may arise as a result of changes in regulation, legislative powers and national policy.</p> <p>Examples that could affect governance arrangements with the 2015/16 financial year include:</p> <ul style="list-style-type: none"> The Accounts and Audit regulations 2015 which updates requirements for publishing financial statements. The Infrastructure Bill which include Land Registry taking over responsibility for Local Land Charges. The Counter-Terrorism and Security Act 2015 which makes provision in relation to terrorism. 	<p>The Corporate Management Team will respond to changes and will continue, using heightened monitoring and response arrangements, to provide the Cabinet with information regarding the impact of Central Government Policy changes.</p>

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

Signed:

Rob Bridge
Corporate Director and Chief Finance Officer

Signed:

Paul Medd
Chief Executive

Signed:

Councillor John Clark
Leader, Fenland District Council

GLOSSARY OF TERMS

ACCOUNTING PERIOD

The period of time covered by the accounts, normally 12 months commencing on 1 April for local authorities.

ACCOUNTING POLICIES

Define the process whereby transactions and other events are reflected in financial statements.

ACCRUALS

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the Balance Sheet date.

AMORTISATION

A measure of the consumption of the value of intangible assets, based on the remaining economic life.

AUDIT COMMISSION

Auditors employed to independently audit the accounts of local authorities.

BAD DEBT

Debts whose repayment is known to be impossible or unlikely.

BUDGET

A statement defining the Council's policies over a specified period of time in terms of finance.

BILLING AUTHORITY

A local authority responsible for collecting the Council Tax and non-domestic rates i.e. District Councils, Metropolitan Districts, London Boroughs, the City of London and Unitary Councils.

CAPITAL CHARGES

Charges made to service revenue accounts based on the value of the assets they use and comprises depreciation over the useful life of the asset.

CAPITAL EXPENDITURE

Expenditure on new assets such as land and buildings, or on enhancements to existing assets which significantly prolong their useful life or increase their value.

CAPITAL FINANCING COSTS

The annual cost of borrowing (principal repayments and interest charges), leasing charges and other costs of funding capital expenditure.

CAPITAL RECEIPTS

The proceeds from the disposal of land or other assets.

COLLECTION FUND

Accounts required to be kept by the Council to record all income collected from local taxpayers, showing how this is passed on to other local authorities and Government

organisations.

COMMUNITY ASSETS

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

CONTINGENT LIABILITIES

Potential liabilities which are either dependant on a future event or cannot be readily estimated.

CREDITORS

Amounts owed by the Council at 31 March for goods received or services rendered but not yet paid for.

CURRENT ASSETS

Assets which can be expected to be consumed or realised during the next accounting period.

CURRENT LIABILITIES

Amounts which will become due or could be called upon during the next accounting period.

DEBTORS

Amounts owed by the Council which are collectable or outstanding at 31 March.

DEPRECIATION

A notional charge representing the extent to which an asset has been worn out or used up during the year.

DERECOGNITION

The term used for the removal of an asset or liability from the Balance Sheet.

EFFECTIVE RATE OF INTEREST

The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the Balance Sheet at initial measurement.

FAIR VALUE

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arms length transaction.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

FINANCIAL ASSET

A right to future economic benefits controlled by the Council. Examples include bank deposits, investments, trade debtors and loans receivable.

FINANCIAL LIABILITY

An obligation to transfer economic benefits controlled by the Council. Examples include borrowings, financial guarantees and amounts owed to trade creditors.

FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

GENERAL FUND

The main revenue fund of the Council. Day to day spending on services is met from the fund.

HERITAGE ASSETS

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture.

GOVERNMENT GRANTS

Payments by central Government towards Council expenditure. They may be specific, for example Housing Benefit subsidy, or general such as Revenue Support Grant.

IMPAIRMENT

The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the Balance Sheet.

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)

A reference to the accounting treatments that companies globally would generally be expected to apply in the preparation of their financial statements.

MINIMUM REVENUE PROVISION

The minimum amount which must be charged to the Council's revenue account each year and set aside for debt repayment as required by the Local Government and Housing Act 1989.

NON-CURRENT ASSETS

Assets which can be expected to be of use or benefit the Council in providing service for more than one accounting period.

OPERATING LEASES

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

OUTTURN

Refers to actual income and expenditure or balances as opposed to budget amounts.

PRECEPT

The levy made on a billing authority by a Precepting Authority, requiring collection of income from Council's Taxpayers on their behalf.

PRECEPTING AUTHORITIES

Those authorities which are not Billing Authorities i.e. do not collect Council Tax and non-domestic rate. County Council are "major precepting authorities" and parish, community and Town Councils are "local precepting authorities".

PROVISIONS AND RESERVES

Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred but the amounts or the dates on which they arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or “balances”) which every authority must maintain as a matter of prudence.

PUBLIC WORKS LOAN BOARD

A central Government agency which provides long and short term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow.

REVENUE EXPENDITURE

Spending on day to day items including employees’ pay, premises costs and supplies and services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure which legislation allows to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year’s Council Tax.

REVENUE SUPPORT GRANT

A grant paid by central Government in aid of Council’s services.

NON DISTRIBUTED COSTS

These are overheads for which no user benefits and should not be apportioned to services.

THE CODE

The Code of Practice on Local Authority Accounting in the United Kingdom. This specifies the principals and practices of accounting required to give a ‘true and fair’ view of the financial position and transactions of a local authority.

ABBREVIATIONS USED IN THE ACCOUNTS

CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CTB	Council Tax Benefit
DWP	Department for Work and Pensions
IFRS	International Financial Reporting Standard
MRP	Minimum Revenue Provision
NNDR	National Non-domestic Rates
PNPF	Pilots' National Pension Fund
LGA	Local Government Association
LGPS	Local Government Pension Scheme
SERCOP	Service Reporting Code of Practice
IAS	International Accounting Standards



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Please ask us if you would like any of our documents in community languages, in large print,
in Moon, in Braille, in audio cassette or in electronic format.