



Statement of Accounts

Central Bedfordshire Council
2014/15

Committee Approval



CENTRAL BEDFORDSHIRE COUNCIL

STATEMENT OF ACCOUNTS 2014/15

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EXPLANATORY FOREWORD

1. Introduction

Central Bedfordshire is a unitary authority serving a growing population of around 260,000 residents. It is a largely rural area with over half the population living in the countryside and the rest in a number of market towns. The largest of these are Leighton Linlade, Dunstable, Houghton Regis, Biggleswade, Flitwick and Sandy.

The area is generally prosperous, with above average levels of employment. However, there are pockets of deprivation and greater need in some areas (mainly in Dunstable and Houghton Regis).

The Chiltern Hills, an area of outstanding natural beauty, form a major feature in the south west, the Greensand Ridge runs eastwards through the area, and the Forest of Marston Vale provides over 30 square miles of woodlands in the north west. There are more than 30 sites of special scientific interest, as well as three national and 11 local nature reserves.

The area has excellent transport links with the A1 and M1 running through it, three main rail lines and two international airports, Luton and Stansted, on our doorstep.

It is in the centre of an academic 'golden triangle' between Oxford, Cambridge and London Universities and also benefits from its own academic institutions at Cranfield University, the University of Bedfordshire and other further education colleges.

It is a great place to live and work. It is a relatively safe, green and affluent area which has attracted major investment. People living in Central Bedfordshire earn more than the national average; this is in part influenced by some residents commuting out of the area – primarily to Hertfordshire, Luton, London and Milton Keynes.

This document contains Central Bedfordshire Council's Statement of Accounts for the year ended 31 March 2015. The Statement of Accounts has been produced for the Council as a single entity based on International Financial Reporting Standards (IFRS) and prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 ("the Code").

The Code's overriding requirement is that the Statement of Accounts should 'present a true and fair view' of the financial position and transactions of the Council. The pattern of presentation of the statement is laid down by the Code, which the Council is legally required to follow.

The Code requires that the accounts are prepared in line with recognised accounting practices and this approach recognises several costs such as depreciation that, under statute, cannot be charged to local taxpayers. The statements outlined are intended to inform the reader of both the accounting and the regulatory financial position of the Council. Comparative numbers are also provided for the year ended 31 March 2014.

The specific requirements of the Code are very detailed and this Foreword is intended to help guide the reader through the document and highlight any significant matters.

The specific responsibilities of the Council and the Chief Finance Officer for preparing and approving the Statement of Accounts are set out in the Statement of Responsibilities for the Statement of Accounts on page 13.

This Foreword gives:

- A summary of the various statements that make up the Council's 2014/15 accounts
- A broad picture of where the money comes from and what it is spent on
- A summary of revenue expenditure on services and capital expenditure on new assets over the course of the year.

2. The financial statements

The accounts for 2014/15 are set out on pages 15 to 110.

The Statement of Accounts comprises:

- Movement in Reserves Statement – analyses the change in net worth between the General Fund, other usable reserves and unusable reserves
- Comprehensive Income and Expenditure Statement – shows the accounting cost in the year of providing services measured in accordance with international accounting standards rather than on the basis of the costs that are required to be financed from taxation
- Balance Sheet – this sets out the assets and liabilities at 31 March 2015 compared with 31 March 2014
- Cash Flow Statement – this summarises the movement in Cash and Cash Equivalents during the course of the year
- Notes to the accounts – which explain some of the key items and disclosures in the accounts.

This document also includes Supplementary Financial Statements:

- the Housing Revenue Account (HRA) Income and Expenditure Statement shows the costs in the year of providing housing services and the Movement on the HRA Statement shows adjustments made to the HRA in line with statutory requirements
- the Collection Fund Statement separately summarises the transactions in relation to Council Tax and Non-Domestic Rates collected by the Council on behalf of those authorities responsible for services within the area and the way in which these monies have been distributed among the authorities to finance their expenditure.

Other statements published with but not part of the Statement of Accounts include the Annual Governance Statement which explains how the Council has complied with its corporate governance framework and provides information about the different elements of the framework, key issues and the main areas of work that have been progressed during 2014/15 and are being developed in 2015/16. A Glossary of key terms is also provided as an aid to readers of this document.

3. Where the money comes from

Most of the Council's income comes from the Dedicated Schools Grant, General Government grants, Council Tax and business rates. Fees, charges and other service income contribute to the cost of some services. Income is received from investment property rentals and interest is earned on day-to-day balances. Government capital grants and external contributions applied to finance capital expenditure have been excluded from the following table.

Income sources	2013/14	2014/15
	%	%
Government grants and contributions	41	38
Council Tax	29	30
Fees, charges and other service income	23	24
Business rates	6	7
Investment property rentals and interest	1	1
	100	100

4. What the money is spent on

	2013/14	2014/15
Service shares of gross revenue expenditure	%	%
Children's services and education	42	42
Adult social care	23	23
Housing services	15	15
Cultural, environmental and planning services	11	12
Highways, roads and transport	6	6
Other services	3	2
	100	100

5. Summary of the year – Revenue expenditure

The net revenue budget for 2014/15 was set at £186.0m (£189.0m in 2013/14). At 31 March 2015 the net revenue outturn was £0.66m below budget. This is reconciled to the accounting statements in Note 28 Amounts Reported for Resource Allocation Decisions and summarised by Directorate below:

	Children's Services	Improvement & Corporate Services	Social Care, Health, Housing & Public Health	Regeneration and Community Services	Corporate Resources and Corporate Costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2014/15						
Directorate net budget	44,676	21,379	62,902	41,812	15,201	185,970
Directorate expenditure:						
Employee costs	17,255	15,827	19,179	18,421	8,234	78,916
Other service expenses	55,647	17,637	87,335	41,895	79,474	281,988
Total expenditure	72,902	33,464	106,514	60,316	87,708	360,904
Directorate income:						
Fees, charges and other service income	(28,304)	(11,864)	(41,248)	(19,413)	(75,727)	(176,556)
Net costs	44,598	21,600	65,266	40,903	11,981	184,348
Transfers to / (from) reserves	213	(356)	(913)	(76)	2,688	1,556
Actual after reserve transfers	44,811	21,244	64,353	40,827	14,669	185,904
Surplus reported to management						(66)

Housing Revenue Account

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from Council Tax (or vice versa).

The balance on the Housing Revenue Account (HRA) has remained unchanged at £2.0m (£2.0m in 2013/14), due to amounts being set aside as earmarked reserves. The HRA has two earmarked reserves: an Independent Living Development Reserve of £12.0m (£12.2m in 2013/14) and a Strategic Reserve to finance future housing investment of £6.4m (£6.4m in 2013/14). The HRA was also statutorily required to set aside £3.6m in the Major Repairs Reserve (MRR), to either fund future capital investment or repay debt. This amount of £3.6m was fully applied in 2014/15 (£6.6m in 2013/14) leaving an unchanged balance of £0.2m (£0.2m in 2013/14). The HRA also had £3.5m of capital receipts set aside (£2.3m in 2013/14).

6. Summary of the year – Capital expenditure

Capital expenditure is money the Council spent on purchasing and improving assets such as buildings, roads and equipment. The Council receives the benefit from such capital expenditure over many years.

In 2014/15 the Council spent £102.0m on the capital programme, £32.9m less than budget. Additional capital expenditure of £2.5m was funded by contributions made by developers under section 106 of the Town and Country Planning Act. The underspend was mainly due to delays in a small number of large schemes arising from extended tendering and procurement activity, delays in third parties approving grant applications and extended consultation activity. These major schemes, which included the Woodside Link road to connect the industrial areas of Dunstable and Houghton Regis, a number of enhanced waste disposal facilities across Central Bedfordshire and Priory View sheltered housing development in Dunstable, are all now progressing well through to completion.

Capital expenditure has been funded by Government capital grant together with contributions from developers and outside agencies, available capital receipts and revenue contributions. Funding from these sources totalled £71.4m, with the balance of £33.1m met from borrowing finance.

Where Council resources are required, internal borrowing will be utilised to the full extent and external borrowing used thereafter.

	2013/14 £'000	2014/15 £'000
Capital investment:		
Property, plant and equipment	61,962	71,173
Investment properties	101	335
Intangible assets	228	784
Revenue funded from capital under statute	19,773	32,241
	82,064	104,533
Sources of finance:		
Capital receipts	(2,851)	(1,636)
Government grants and other contributions	(44,564)	(49,290)
Major Repairs Allowance	(6,569)	(3,597)
Direct revenue contributions	(2,256)	(9,632)
Minimum Revenue Provision (MRP) / PFI principal	(7,074)	(7,250)
Borrowing	(18,750)	(33,128)
	(82,064)	(104,533)

7. Material assets acquired or liabilities incurred

There were no material assets acquired or liabilities incurred during 2014/15.

8. The Council's Local Government Pension Scheme liability

The Council is a member of the Local Government Pension Scheme (LGPS) administered by Bedford Borough Council, which is open to all non-teaching employees of Central Bedfordshire Council. The CIPFA Code of Practice requires the Council to record in the Statement of Accounts, the assets and liabilities of the LGPS attributable to the Council and the cost of pensions. The underlying principle is that the Council should account for retirement benefits when it is committed to making them, even though the cash payments may be many years into the future.

The liability for both statutory and discretionary pension benefits, measured in accordance with International Accounting Standard (IAS) 19, has increased over the year. At 31 March 2015 the Council's net liability reported by the Actuary to the LGPS was £379.6m (£307.1m in 2013/14). The fair value of LGPS assets increased over the year to £422.7m (£377.2m in 2013/14) and the value of the obligations to pay pension liabilities increased to £802.3m (£684.4m in 2013/14). The increase in liabilities mainly reflects reductions in fixed interest investment yields which determines the discount rate applied to the future estimated pension liabilities.

The net pension liability of £379.6m represents an estimate following IAS19 requirements and there is no direct link to funding or employers' contribution rates. The net liability is matched by the Pension Reserve, also shown in the Balance Sheet.

There are statutory arrangements for funding any LGPS deficit by increased employer contributions over the remaining working life of employees, as determined by the scheme's Actuary. The triennial actuarial valuation of the Bedfordshire LGPS determines the future contribution rates for employers and reflects different assumptions from those required by IAS19. The latest triennial valuation at 31 March 2013 certified a funding level of 70.1% for the Bedfordshire LGPS and 65.7% for the Council.

Further details of the LGPS can be found in Note 43 Defined Benefit Pension Schemes.

9. Material and unusual charges or credits

The Council's net pension liability has increased by £72.5m, which is a material charge within the 2014/15 Statement of Accounts. Further details can be found in Note 43 Defined Benefit Pension Schemes of the Notes to the Core Financial Statements.

10. Major changes in statutory functions

There has been no major change in statutory functions during 2014/15.

11. Borrowing facilities

Within the Treasury Management Strategy, the Council approved an authorised borrowing limit for 2014/15 of £498.3m (£474.7m in 2013/14).

During the year the Council accessed £4.6m additional borrowing to fund expenditure on capital projects, which was net of £16.4m debt repaid upon maturity to the Public Works Loan Board (PWLB).

At the end of the financial year, the Council had outstanding external borrowing £312.6m in respect of the funding of capital expenditure and social housing.

The Council is only allowed to borrow to support capital projects. The borrowing supports fixed assets valued at £1,074.2m at the Balance Sheet date.

12. Significant provisions or contingencies and material write-offs

There were £8.2m of provisions as at 31 March 2015 (£6.3m as at 31 March 2014) the most significant being in respect of self insurance arrangements. The Insurance Provision, which includes some liabilities in respect of the former Bedfordshire County Council which are managed on behalf of the Council and Bedford Borough Council, stood at £2.4m as at 31 March 2015 (£2.5m as at 31 March 2014).

The Council also set aside a provision to reflect accumulated absences carried forward amounting to £2.5m at 31 March 2015 (£2.9m as at 31 March 2014). Costs related to these are reversed out to the Accumulated Absences reserve in line with statutory requirements.

There were no significant General Fund income write-offs in the year.

13. Impact of the current economic climate

The Council's Medium Term Financial Plan (MTFP) 2015 – 2019 has been updated against a background of significant challenges not least of which are Central Government cuts in funding and reforms to local government at a time of subdued economic growth.

In the wider economy, the Bank of England has continued to maintain low interest rates and despite early signs of a recovering economy with jobs growth, the Bank is not expected to raise rates until 2016.

The credit risk of banking failures is still present. Regulatory changes in the UK, US and Europe are expected to move away from the bank bail-outs of previous years to bank resolution regimes in which shareholders, bond holders and unsecured creditors are 'bailed in' to participate in any recovery process. Diversification of investments between creditworthy counterparties to mitigate bail-in risk will become even more important in the light of these developments.

Central Bedfordshire has a population of over quarter of a million, with a growth rate well above national levels. This population growth is forecast to be highest in the over 65 age group which has implications for the Council's policy decisions.

Additionally, technological change is having a profound impact on the delivery and public access to services; reflected in the use of the internet and social media.

The Council's priorities are to:

- enhance Central Bedfordshire by creating jobs, managing growth, protecting the countryside and enabling businesses to grow;
- improve educational attainment;

- promote health and wellbeing, and protect the vulnerable;
- provide better infrastructure – improved roads, broadband reach and transport;
- provide great universal services – bins, leisure and libraries, and;
- deliver value for money.

It is important that the Council establishes a level of reserves which allows it to withstand unanticipated financial impacts of future developments at a local and national level. The principal objectives that were applied when setting the 2014/15 Budget were to:

- produce a sustainable plan allowing Council priorities to be delivered;
- provide for realistic spending year on year that was not dependent on using reserves;
- maintain reserves at, or above, an agreed level reflecting the risks faced by the Council;
- allow for zero Council Tax increases over the MTFP period;
- avoid cuts to front line services; and
- commit to efficiency as a means of delivering savings.

The Budget for 2014/15 identified efficiencies of £17.4m that were required to produce a balanced budget for the year. A further £25.6m of efficiencies are required over the subsequent three years to achieve the proposed MTFP.

The Council has adequate revenue balances to provide financial security and a safety mechanism for unforeseen events. The General Fund Revenue Account balances stood at £15.2m as at 31 March 2015 (£15.1m as at 31 March 2014), 8% of its net revenue budget. This recognises the need for increased resilience when facing further budget reductions over the coming years.

Central Bedfordshire's financial management strategy includes maintaining specific General Fund reserves to deal with the key corporate financial risks which totalled £31.6m as at 31 March 2015 (£27.8m as at 31 March 2014). These are detailed in Note 8 Transfers to / from Earmarked Reserves to the Statement of Accounts.

Charles Warboys
Chief Finance Officer & s.151 Officer

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 Monks Walk
 Chicksands
 Bedfordshire
 SG17 5TQ

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, the Chief Finance Officer has this responsibility.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts. The Audit Committee, under delegated authority from the Council, fulfils this role.

The Chief Finance Officer's Responsibilities

The 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 Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code).

In preparing this statement, the Chief Finance Officer has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice.

The Chief Finance Officer has also:

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

Certification and Approval

The Statement of Accounts presents a true and fair view of the financial position of Central Bedfordshire Council at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

Councillor Mike Blair – Chair of Audit Committee

Charles Warboys - Chief Finance Officer & section151 Officer

28 September 2015

Core Financial Statements 2014/15

Subject to Audit Committee Approval

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 'unusable' reserves. The '(Surplus) / 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. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The 'Net (increase) / decrease before transfers to Earmarked Reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.

Usable Reserves 2014/15	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	HRA Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Reserve £'000	Schools Reserve £'000	Usable Reserves Total £'000
Balance at 31 March 2014	(15,101)	(27,764)	(2,000)	(18,511)	(200)	(2,346)	(25,344)	(11,826)	(103,089)
Movement in Reserves during 2014/15:									
(Surplus) / deficit on Provision of Services	5,799	0	(27,804)	0	0	0	0	0	(22,004)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure	5,799	0	(27,804)	0	0	0	0	0	(22,004)
Adjustments between accounting basis and funding basis under regulations (Note 7)	(9,541)	0	27,958	0	0	(1,105)	11,764	0	29,076
Net (increase) / decrease before transfers to Earmarked Reserves	(3,742)	0	154	0	0	(1,105)	11,764	0	7,072
Transfers (to) / from Earmarked Reserves (Note 8)	3,676	(3,797)	(154)	154	0	0	0	137	16
(Increase) / decrease in year	(66)	(3,797)	0	154	0	(1,105)	11,764	137	7,087
Balance at 31 March 2015	(15,167)	(31,579)	(2,000)	(18,357)	(200)	(3,451)	(13,580)	(11,689)	(96,005)

Unusable Reserves 2014/15	Revaluation Reserve £'000	Available For Sale £'000	Pensions £'000	Capital Adjustment Account £'000	Financial Instrument £'000	Collection Fund Adjustment Account £'000	Short term Accumulated Absence £'000	Unusable Reserves Total £'000	Total Council Reserves £'000
Balance at 31 March 2014	(59,300)	148	307,141	(493,035)	1,717	2,653	2,942	(237,734)	(340,826)
Other Comprehensive I & E	(37,880)	(152)	60,761	0	0	0	0	22,729	726
Adjustments between accounting basis and funding basis under regulations (Note 7)	5,214	0	11,738	(41,845)	(116)	(3,609)	(470)	(29,089)	0
(Increase)/Decrease in year	(32,666)	(152)	72,499	(41,845)	(116)	(3,609)	(470)	(6,360)	726
Balance at 31st March 2015	(91,966)	(4)	379,640	(534,881)	1,601	(956)	2,472	(244,094)	(340,099)

Usable Reserves 2013/14	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	HRA Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Schools Reserve	Usable Reserves Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2013	(14,199)	(21,434)	(2,000)	(9,937)	(3,437)	(657)	(1,480)	(13,042)	(66,186)
Movement in Reserves during 2013/14:									
(Surplus) / deficit on Provision of Services	(11,404)	0	(22,682)	0	0	0	0	0	(34,087)
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure	(11,404)	0	(22,682)	0	0	0	0	0	(34,087)
Adjustments between accounting basis and funding basis under regulations (Note 7)	5,391	0	14,108	0	3,237	(1,689)	(23,864)	0	(2,817)
Net (increase) / decrease before transfers to Earmarked Reserves	(6,013)	0	(8,574)	0	3,237	(1,689)	(23,864)	0	(36,903)
Transfers (to) / from Earmarked Reserves (Note 8)	5,111	(6,330)	8,574	(8,574)	0	0	0	1,216	0
(Increase) / decrease in year	(902)	(6,330)	0	(8,574)	3,237	(1,689)	(23,864)	1,216	(36,903)
Balance at 31 March 2014	(15,101)	(27,764)	(2,000)	(18,511)	(200)	(2,346)	(25,344)	(11,826)	(103,089)

Unusable Reserves 2013/14	Revaluation Reserve	Available For Sale	Pensions	Capital Adjustment Account	Deferred Capital Receipts	Financial Instrument	Collection Fund Adjustment Account	Short term Accumulated Absence	Unusable Reserves Total	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2013	(46,494)	276	303,829	(483,292)	0	1,833	1,105	3,435	(219,308)	(285,494)
Other Comprehensive I&E	(13,605)	(128)	(7,510)	0	0	0	0	0	(21,244)	(55,329)
Adjustments between accounting basis and funding basis under regulations (Note 7)	799	0	10,822	(9,743)	0	(116)	1,548	(493)	2,817	0
(Increase)/Decrease in year	(12,806)	(128)	3,312	(9,743)	0	(116)	1,548	(493)	(18,427)	(55,329)
Balance at 31st March 2014	(59,300)	148	307,141	(493,035)	0	1,717	2,653	2,942	(237,734)	(340,826)

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. Authorities 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 £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
8,596	(4,294)	4,302	Central services to the public	4,317	(2,659)	1,658
8213,426	(13,649)	(222)	Public Health	14,606	(14,508)	98
8,848	(579)	8,269	Cultural and related services	12,673	(1,269)	11,405
24,875	(2,382)	22,492	Environmental and regulatory services	25,829	(3,636)	22,193
17,655	(3,676)	13,979	Planning services	20,314	(5,015)	15,299
199,627	(140,311)	59,316	Children's and education services	210,406	(142,497)	67,908
26,074	(3,291)	22,783	Highways and transport services	28,695	(4,723)	23,972
1,738	(31,686)	(29,948)	Local authority housing (HRA)	(3,534)	(28,335)	(31,866)
69,006	(65,146)	3,861	Other housing services	70,176	(66,041)	4,135
97,402	(23,689)	73,713	Adult social care	99,775	(25,430)	74,345
4,000	(5,201)	(1,200)	Corporate and democratic core	3,746	(6,078)	(2,332)
1,784	(22)	1,762	Non-distributed costs	2,400	(36)	2,365
473,033	(293,926)	179,107	Cost of Services	489,403	(300,227)	189,177
				Note		
		33,719	Other operating expenditure	9		10,852
		20,242	Financing and investment income and expenditure	10		19,476
		(267,155)	Taxation and non-specific grant income and expenditure	11		(241,512)
		(34,087)	(Surplus) / deficit on Provision of Services			(22,004)
		(14,038)	Revaluation (gains) / losses on non-current assets	24a		(41,765)
		433	Revaluation losses (chargeable to Revaluation Reserve) on non-current assets	24a		3,885
		(128)	(Surplus) / deficit on revaluation of available for sale assets	24b		(152)
		1,279	Return on plan assets – pensions	43		(30,821)
		(8,789)	Actuarial (gains) / losses on pension fund assets and liabilities	43		91,582
		(21,243)	Other comprehensive income and expenditure - (surplus) / deficit			22,730
		(55,330)	Total Comprehensive Income and Expenditure Statement - (Surplus) / Deficit			726

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 unusable reserves, i.e., those reserves that the Council is not able 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	£'000
876,480	Property, plant & equipment (PPE)	12	974,623
81,675	Investment property	14	85,150
6,758	Intangible assets	15	8,821
4,852	Long-term investments	16	5,004
574	Long-term debtors	16	564
970,340	Long-term assets		1,074,162
14,124	Short-term investments	16	568
606	Current assets held for sale	20	173
46,944	Short-term debtors	18	47,997
19,083	Cash and cash equivalents	19	1,799
80,757	Current assets		50,537
(17,552)	Short-term borrowing	16	(31,603)
(44,709)	Short-term creditors	21	(43,971)
(6,346)	Provisions	22	(5,703)
(2,942)	Provisions - accumulated absences	24g	(2,472)
(71,549)	Current liabilities		(83,756)
(16,820)	Private Finance Initiative (PFI)	39	(16,268)
(289,961)	Long-term borrowing	16	(280,632)
(307,141)	Net liability related to defined benefit pension schemes	43	(379,640)
(24,801)	Capital grants (receipts in advance)	35	(24,304)
(638,722)	Long-term liabilities		(700,844)
340,823	Net assets		340,099
(103,089)	Usable reserves	23	(96,005)
(237,734)	Unusable reserves	24	(244,094)
(340,823)	Total reserves		(340,099)

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year. 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 £'000		Note	2014/15 £'000
34,087	Net surplus / (deficit) on the Provision of Services	25	22,004
45,306	Adjustments to net surplus / (deficit) on the provision of services for non-cash movements	25	37,761
(64,899)	Adjustment for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities	25	(35,089)
14,494	Net cash inflows from operating activities	25	24,676
(11,162)	Investing activities	26	(51,289)
(7,558)	Financing activities	27	9,329
(4,224)	Net increase / (decrease) in cash and cash equivalents		(17,284)
23,307	Cash and Cash Equivalents at 1 April		19,083
19,083	Cash and Cash Equivalents at 31 March	19	1,799

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Subject to Audit Committee Approval

1. Accounting Policies

1.1 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 the Service Reporting Code of Practice (SeRCOP) 2014/15, supported by International Financial Reporting Standards (IFRS).

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

1.2 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 supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Acquisitions and Discontinued Operations

When necessary, income and expenditure directly related to acquired or discontinued operations will be shown separately within the Comprehensive Income and Expenditure Statement under the heading of acquired or discontinued operations.

1.4 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 overnight from the Balance Sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.6 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding Non-Current Assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of Intangible Assets attributable to the service.

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

The Council has assessed the Minimum Revenue Provision (MRP) in accordance with the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003 and the amount charged is based on option 1 and option 3 of the guidance. The MRP policy is approved as part of the Treasury Management Strategy Statement (TMSS) by Council annually.

1.7 Employee Benefits

Benefits Payable During Employment:

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

Termination Benefits:

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

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

Post-employment Benefits:

Employees of the Council are members of one of the three following pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- The NHS Pension Scheme, administered by NHS Pensions
- The Local Government Pensions Scheme, administered by Bedford Borough Council.

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

However, the arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions and the Public Health line charged with contributions payable to the NHS Pension Scheme in the year.

Local Government Pension Scheme

All employees (other than teachers), subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. The scheme is known as the Bedfordshire Pension Fund and is administered by Bedford Borough Council in accordance with the Pensions Regulations 2008 on behalf of all participating employers within the Bedfordshire area.

The accounts have been prepared in accordance with IAS19 on Accounting for Retirement Benefits. This scheme is accounted for as a defined benefit scheme as follows:

- The liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, which is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions including mortality rates, employee turnover rates and projections of earnings for current employees.
- Those liabilities are discounted to their value at current prices using a discount rate based on the indicative rate of return on a high quality corporate bond each year end as prescribed by IAS19.
- The assets of the Fund attributable to the Council are included at their fair value on the following basis:
 - quoted securities – current bid price
 - unquoted securities – market value (professional estimate)
 - unlisted securities – current bid price
 - property - market value (professional estimate)

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

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
 - net interest on the net defined benefit liability (asset), i.e., net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Re-measurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.8 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

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

1.9 Financial Instruments

Financial Liabilities:

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

For 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 or 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:

The Council holds two types of financial assets:

- Loans and Receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-Sale Assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and Receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-Sale Assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

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

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

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

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

1.10 Government Grants and Contributions

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

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

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

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

1.11 Heritage Assets

Any Tangible or Intangible Heritage Assets held by the Council are not of material financial value. They are therefore classified as Property, Plant and Equipment and are not disclosed separately in the accounting statements.

1.12 Intangible Assets

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

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

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

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

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

1.13 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 re-valued 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 £10k) the Capital Receipts Reserve.

1.14 Leases

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

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

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

The Council as Lessee:

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

The Council as Lessor:

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.

1.15 Overheads and Support Services

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

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

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

1.16 Property, Plant and Equipment

Assets that have a physical substance and are held for use in the provision of services, for income generation or for administrative purposes on a continuing basis are classified as Property, Plant and Equipment.

Recognition:

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it will yield future economic benefits or service potential to the Council for more than one financial year and the cost can be reliably measured. This will include costs and fees incurred on capital projects, which are under construction at the year end, where it can be shown that either a new asset will be created or an existing asset enhanced. All other expenditure on assets (i.e., repairs and maintenance) is charged to the Comprehensive Income and Expenditure Statement as an expense when it is incurred.

These also include assets under finance leases and private finance initiatives which have been capitalised and included in the Balance Sheet at a value that reflects the Council's obligation to meet future rental payments.

The Council sets a £2k de-minimis level for capital spending / capital accounting purposes and spending below this limit is charged to service revenue accounts within the Comprehensive Income and Expenditure Statement, unless the spending forms part of a larger capital scheme.

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
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it was 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 does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use value (EUV).

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

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

Assets included in the Balance Sheet at fair value are re-valued 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 Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment / Revaluation Losses:

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 as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation:

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., Assets under Construction).

Depreciation is calculated on 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 over 30 years.

Where a financially material item of Property, Plant and Equipment over £1.0m in value has major components over £250k or 20% of the asset value, 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 chargeable based 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 highly 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 re-valued immediately before re-classification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are re-classified 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 re-classified as Assets Held for Sale.

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

Amounts received for a disposal in excess of £10k 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 Non-Current Assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.17 Non-Current Assets Held for Sale

An asset Held for Sale is measured at the lower of its carrying amount and its fair value less costs to sell.

An asset is classified as 'Held for Sale' when it meets the following criteria:

- The asset (or disposal group) must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets (or disposal groups)
- The sale must be highly probable: the appropriate level of management must be committed to a plan to sell the asset (or disposal group) and an active programme to locate a buyer and complete the plan, must have been initiated

- The asset (or disposal group) must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.

Assets Held for Sale are not depreciated.

Right-to-Buy properties are not classified as Assets Held for Sale due to the tenant's right to cancel the transaction up until actual exchange of contracts.

1.18 Private Finance Initiatives (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-Current Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council. The full liability related to the PFI is held on the Balance Sheet as a long term liability.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge of 6.7% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)

- life-cycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.19 Provisions, Contingent Liabilities and Contingent Assets

Provisions:

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, 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 less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities:

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets:

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

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

1.20 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/Housing Revenue Account 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/Housing Revenue Account in the Movement in Reserves Statement so that there is no net charge against Council Tax/housing rents for the expenditure.

Certain reserves are kept to manage the accounting processes for Non-Current Assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

1.21 Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

1.22 Collection Fund

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (NDR). The key features relevant to accounting for Council Tax and NDR in the core financial statements are:

- in its capacity as a billing authority, the Council acts as agent; it collects and distributes Council Tax and NDR income on behalf of the major preceptors and itself.

- while Council Tax and NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority or paid out of the Collection Fund to major preceptors.

As the collection of Council Tax and NDR income is in substance an agency arrangement, cash collected by the billing authority from Council Tax debtors and local businesses belong proportionately to the billing authority and the major preceptors. There will therefore be a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of the cash collected from Council Tax payers.

Retained Business Rate income and Council Tax income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income. Both NDR, including levies and tariffs payable, and Council Tax will be recognised in the Comprehensive Income & Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority, the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulations to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement. Each major preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement.

The income for Council Tax and NDR is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council, and the amount of the revenue can be measured reliably.

1.23 Value Added Tax

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

2. Accounting Standards that have been issued but have not yet been adopted

There have been a number of changes to international accounting standards which have been adopted by the 2015/16 CIPFA Code of Practice but not by the 2014/15 Code. The Council will therefore adopt these changes from 1 April 2015. It is not anticipated that any of the changes will have a material impact on the financial statements of the Council.

International Financial Reporting Standard (IFRS) 13 Fair Value Measurement provides a consistent definition of fair value and enhanced disclosure requirements. The adoption will require surplus assets to be revalued at market value. Operational property, plant and equipment's assets will not require revaluating and therefore this standard will not have any material impact on the Council's accounts.

International Financial Reporting Interpretations Committee (IFRIC) 21 Levies provides guidance on the timing of the recognition of the payment of levies in the payee's accounts. This is not expected to have any material impact on the Council's accounts.

There are also annual improvements to IFRSs but these are minor and usually for clarification purposes so will not have a material impact on the Statement of Accounts.

A change of accounting policy for transport infrastructure assets means that transport infrastructure assets will need to feature in the Council's Balance Sheet for the first time in 2016/17 and will require opening balances of the assets for 1 April 2015 (i.e., the opening balances for the relevant transactions for the comparative year), and comparative information on transactions in the preceding year, i.e., 2015/16. The depreciated replacement cost of the Council's transport infrastructure assets is estimated to be around £2.7bn.

The Council shall disclose the following items in the 2015/16 financial statements:

- narrative explaining that transport infrastructure assets are to be recognised as a separate class of property, plant and equipment and measured at depreciated replacement cost for the first time in the 2016/17 financial statements, in accordance with the CIPFA Code of Practice on Transport Infrastructure Assets
- the carrying amount of assets expected to be reclassified as transport infrastructure assets, i.e., the original 1 April 2015 measurement at depreciated historical cost
- the expected amount of any revaluation gains and losses to be recognised on reclassification and re-measurement, and
- the expected change in depreciation, impairment, revaluation gains and losses, gains and losses for disposals or decommissioned assets to be recognised (or derecognised) in 2015/16 comparatives in the 2016/17 financial statements.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has made the following critical judgements about complex transactions or those involving uncertainty about future events.

Uncertainty about future levels of government funding

There is a degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Deposits or investments with financial institutions

The Council has no deposits with any financial institutions that are in administration and has no evidence at the Balance Sheet date to suggest any treasury investment counterparties of the Council will enter into administration.

Controlling influence with other organisations

A number of Councillors represent the Council on the Boards of external organisations. The Council has determined that it does not have a controlling influence in any of these organisations.

Consolidation of maintained schools within the Financial Statements

With the exception of the property assets of specific schools all the income, expenditure, liabilities, assets and reserves of the Council's maintained schools have been consolidated within the Council's single entity financial statements. This approach to consolidation based on the balance of control in respect of the activities and financial transactions of maintained schools is judged to be consistent with IFRS 10 – *Consolidated Financial Statements* and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 ("the Code").

The property non-current assets of any Council maintained schools that are controlled by religious bodies or trusts are not consolidated within these financial statements. Whilst the Council at 31 March 2015 has a statutory obligation to oversee 90 maintained schools within the area only the non-current assets of 57 Community Schools are recognised on the Council's Balance Sheet at 31 March 2015.

In applying accounting policies in respect of non-current assets the Council has examined each type of maintained schools with reference to the Code and specifically both the IAS 16 *Property, Plant and Equipment* and the *Conceptual Framework for Financial Reporting 2010 (IASB Conceptual Framework)*. Assets have been recognised only where the Council can demonstrate ‘a resource controlled by the Authority as a result of past events and from which future economic benefits or service potential are expected to flow to the Authority’.

The requirements of IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease* have been considered in respect of the 33 non-Community Schools and no evidence of a lease arrangement has been identified. The trustees or organisations owning the non-current assets allow those assets to be used in line with the objectives of the Council without assigning the substantive control to the Council or School governing bodies. *Under Section 30(11) of the School Standards and Framework Act 1998* the trustees or other organisations owning the non-current assets can, subject to a reasonable period of notice, remove the assets from the maintained school sector.

Following a review of governance documentation the Council has identified the following types of maintained schools and the entity judged to have control of the school non current assets is indicated in the table below. In the case of both Foundation School Trusts and Dioceses the ownership and control of all land and buildings with the exception of some playing fields rests with organisations that are not controlled by the Council or individual School governing bodies.

Maintained School Type	Number at 31/3/15	Control of Property Non-Current assets
Community	57	Central Bedfordshire Council / individual governing bodies
Foundation	1	Bedfordshire East Schools Trust
Foundation	2	Harlington Area Schools Trust
Foundation	6	The Pinnacle Trust
Foundation	3	The Vale of Marston Schools Trust
Voluntary Aided	2	Northampton RC Diocese
Voluntary Aided	10	St Albans C of E Diocese
Voluntary Controlled	9	St Albans C of E Diocese
Total	90	

Depreciation and componentisation

As financially material assets are re-valued or attract capital expenditure, the Council assesses these assets with a view to splitting them into their material components, where there may be a significant impact on how the asset is depreciated. Where the asset is not financially material or any component does not amount to over 20% of the asset value and £250k, the asset is not split as any effect on depreciation is immaterial to the financial statements.

Leases at peppercorn or minimal payments

The Council has a number of leases where the land element of the asset is leased at peppercorn or minimal rent. These leases may be of a significant length which may potentially render the lease a finance lease under accounting rules. However, where assets are valued in their existing use under accounting regulations, a key determinant of value is the amount of lease payments and as these are of immaterial rental amounts, the Council has not considered such agreements as finance leases.

Lease arrangements where the Council is the lessee or lessor are assessed to determine whether the lease is a finance lease or an operating lease. Lease arrangements which are not financially material are all treated as operating leases.

Heritage assets

Heritage Assets held by the Council are not financially material in value and therefore are not separately disclosed from Property, Plant and Equipment.

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

The preparation of financial statements requires Management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities for the next financial year are:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are valued by professional staff qualified by the Royal Institute of Chartered Surveyors (RICS). Nevertheless, there is an inherent element of subjectivity with any asset valuation.	The value of an asset and its estimated useful economic life determine the depreciation charged to the Comprehensive Income and Expenditure Statement. If the useful lives of all assets are overstated by 1 year, depreciation would increase by £1.9m.
Pension Liabilities	There are a large number of variable factors used when calculating future pension liabilities, e.g., mortality ratios and future economic conditions. An independent actuary estimates the values within the Balance Sheet.	If any of the factors used to calculate the net pension liability are incorrect, there would be an impact on the balance sheet and the Comprehensive Income and Expenditure Statement. A 1% increase in the net pension liability would represent an increase of £3.8m charged to the Comprehensive Income and Expenditure Statement, reversed out to the Pension Reserve as per regulations.
Non-Domestic Rates (NDR) Appeals	The Council has set aside a provision to cover successful appeals lodged against NDR banding with the Valuations office, based on a professional estimate of outstanding appeals.	If the provision is incorrect, there would be an impact on the collection fund balance. Any impact would be split between the Council and preceptors, with 49% of this amount impacting the Council.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price. Values are not included to indicate the impact of uncertainties where it is impractical to do so.

5. Material Items of Income and Expense

Where material items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the nature and amount of material items are set out below:

Area	Narrative	2013/14 £'000	2014/15 £'000
Comprehensive Income & Expenditure Statement – Other	Schools Converting to Academy or University	27,883	0
Operating Expenditure	Technology College		
Disposals of Non-Current Assets	status		

A number of schools became academies in 2013/14 which resulted in a transfer of Property, Plant and Equipment non current assets valued at £27.9m from the Council's Balance Sheet. A Foundation trust school transferred to Academy status during 2014/15 with no impact on the Council's Balance Sheet as non-current assets are not recognised in respect of Foundation Trust schools.

6. Events after the Balance Sheet Date

The Statement of Accounts were authorised for issue by the Chief Finance Officer (Section 151 Officer) on 29 June 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no events known to the Council which would need to be registered as events after the Balance Sheet date.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement 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 balance is the statutory fund into which all the receipts of a 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. For housing authorities, the balance is not available to be applied to funding Housing Revenue Account (HRA) services.

Housing Revenue Account Balance:

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve:

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

Capital Receipts Reserve:

The Capital Receipts Reserve holds the proceeds from the 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:

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	General Fund Balance £'000	HRA Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Major Repairs Reserve £'000	Schools Reserves £'000	Movement Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account							
:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non-current assets	(18,899)	(3,597)	-	-	-	-	22,496
Revaluation gains / (losses) on Property, Plant and Equipment	(2,037)	18,942	-	-	-	-	(16,905)
Movement in the fair value of Investment Property	2,321	-	-	-	-	-	(2,321)
Amortisation of Intangible Assets	(551)	-	-	-	-	-	551
Capital grants and contributions applied	38,698	-	-	13,704	-	-	(52,401)
Revenue expenditure funded from capital under statute	(32,241)	-	-	-	-	-	32,241
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	(1,360)	(1,747)	-	-	-	-	3,107
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	7,250	-	-	-	-	-	(7,250)
Capital expenditure charged against the General Fund and HRA balances	1,803	9,098	-	-	-	-	(10,900)
Adjustments primarily involving the Capital Grants Unapplied Account:							
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,940	-	-	(1,940)	-	-	0
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	936	2,261	(3,197)	-	-	-	0
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	1,636	-	-	-	(1,636)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(456)	-	456	-	-	-	0
Adjustments primarily involving the Major Repairs Reserve:							
Reversal of Notional Major Repairs Allowance credited to the HRA	-	3,597	-	-	(3,597)	-	0
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	3,597	-	(3,597)
Adjustments primarily involving the Financial Instruments Adjustment Account:							
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in	116	-	-	-	-	-	(116)

accordance with statutory requirements							
Adjustments primarily involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(28,090)	(1,435)	-	-	-	-	29,525
Employer's pensions contributions and direct payments to pensioners payable in the year	16,948	839	-	-	-	-	(17,787)
Adjustments primarily involving the Collection Fund Adjustment Account:							
Amount by which Council Tax income credit to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculation for the year in accordance with statutory requirements	2,727	-	-	-	-	-	(2,727)
Amount by which NDR income credit to the Comprehensive Income and Expenditure Statement is different from NDR income calculation for the year in accordance with statutory requirements	882	-	-	-	-	-	(822)
Adjustment 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	470	-	-	-	-	-	(470)
Total Adjustments	(9,541)	27,958	(1,105)	11,764	0		(29,076)
2013/14	General Fund Balance	HRA Balance	Capital Receipt Reserve	Capital Grants Unapplied	Major Repairs Reserve	Schools Reserves	Movement Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non-current assets	(18,571)	(3,332)	-	-	-	-	(21,903)
Revaluation gains/(losses) on Property, Plant and Equipment	(2,523)	16,477	-	-	-	-	(13,954)
Movement in the fair value of Investment Property	1,727	-	-	-	-	-	(1,727)
Amortisation of Intangible Assets	(549)	-	-	-	-	-	549
Capital grants and contributions applied	44,564	-	-	-	-	-	(44,564)
Revenue expenditure funded from capital under statute	(19,773)	-	-	-	-	-	19,773
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	(26,168)	(1,658)	-	-	-	-	27,826
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	7,074	-	-	-	-	-	(7,074)

Capital expenditure charged against the General Fund and HRA balances	1,428	828	-	-	-	(2,256)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital Grants and Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	23,864	-	-	(23,864)	-	0
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	2,651	2,327	(4,978)	-	-	0
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	2,851	-	-	(2,851)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(438)	-	438	-	-	0
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Notional Major Repairs Allowance credited to the HRA	3,332	-	-	-	(3,332)	0
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	6,569	(6,569)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amounts 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	116	-	-	-	-	(116)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(26,485)	(1,246)	-	-	-	27,731
Employer's pensions contributions and direct payments to pensioners payable in the year	16,197	712	-	-	-	(16,909)
Adjustment primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax income credit to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculation for the year in accordance with statutory requirements	1,518	-	-	-	-	(1,518)
Amount by which NDR income credit to the Comprehensive Income and Expenditure Statement is different from NDR income calculation for the year in accordance with statutory requirements	(3,065)	-	-	-	-	3,065
Adjustment 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	493	-	-	-	-	(493)
Total Adjustments	5,391	14,108	(1,689)	(23,864)	3,237	2,817

8. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2014/15.

	Balance 31/03/2013 £'000	Transfers Out 13/14 £'000	Transfers In 13/14 £'000	Balance 31/03/2014 £'000	Transfers Out 14/15 £'000	Transfers In 14/15 £'000	Balance 31/03/2015 £'000
Corporate:							
Redundancy Reserve							
To cover future redundancy and related pension costs	3,169	(754)	0	2,415	(927)	0	1,488
Insurance Reserve							
To cover insurance costs based on actuarial assessments	3,338	(214)	1,280	4,404	(775)	667	4,296
Other Corporate Reserves							
Various reserves to develop the Council's business processes and ICT.	3,662	(2,162)	2,998	4,498	(773)	5,299	9,024
Total Corporate Reserves	10,169	(3,130)	4,278	11,317	(2,475)	5,966	14,808
Community Services:							
Environmental Reserves							
Reserves to support open space development, waste management and community safety.	3,070	(962)	1,251	3,359	(963)	1,596	3,992
Total Community Services Reserves	3,070	(962)	1,251	3,359	(963)	1,596	3,992

Children's Services:							
School Specific Contingency							
Ring-fenced Dedicated Schools Grant funding	853	(225)	2,439	3,067	(2,380)	3,393	4,080
Other Children's Services							
Reserves to support Children's Services	2,209	(1,968)	2,157	2,398	(966)	439	1,871
Total Children's Services Reserves	3,062	(2,193)	4,596	5,465	(3,346)	3,832	5,951
Social Care, Health, Housing and Public Health Reserves:							
Outcome-based Commissioning							
Project costs associated with efficiencies and service development.	3,067	(62)	500	3,505	(266)	0	3,239
Social Care, Health and Housing Reserves							
Includes grant funding carried forward and funds set aside to fund Social Care initiatives	2,002	(483)	1,668	3,187	(1,313)	219	2,093
Public Health Reserves							
Underspend of grant funding carried forward	65	(65)	927	927	0	569	1,496
Total Social Care, Health, Housing and Public Health	5,134	(610)	3,095	7,619	(1,579)	788	6,828
Total General Fund Earmarked Reserves	21,435	(6,895)	13,220	27,760	(8,363)	12,182	31,579
Housing Revenue Account (HRA)							
Independent Living Development Reserve	8,653	(1,800)	5,263	12,116	(154)	0	11,962
Strategic Reserve	1,284	0	5,110	6,394	0	0	6,394
Total HRA Earmarked Reserves	9,937	(1,800)	10,373	18,510	(154)	0	18,356

9. Other Operating Expenditure

	2013/14 £'000	2014/15 £'000
Payments of precepts to Parishes	10,265	9,806
Levies payable	680	675
Payments to the Government Housing Capital Receipts Pool	438	456
(Gains) / losses on disposal of non-current assets	22,131	(94)
Trading Accounts	205	10
Total	33,718	10,852

10. Financing and Investment Income and Expenditure

	2013/14 £'000	2014/15 £'000
Interest payable on debt	9,295	9,289
Interest element of finance leases (lessee)	41	0
Interest payable on PFI unitary payments	1,578	1,581
Net IAS19 interest expense	13,604	13,163
Interest and Investment Income	(788)	(544)
Changes in fair value of investment properties	(1,727)	(2,321)
(Gain)/loss on disposals of investment properties	718	0
Rentals received on investment properties	(3,278)	(2,304)
Expenses incurred on investment properties	799	612
Total	20,242	19,476

11. Taxation and Non-Specific Grant Income and Expenditure

	2013/14 £'000	2014/15 £'000
Council Tax income	(128,361)	(132,171)
Non-Domestic Rates (NDR)	(34,365)	(37,910)
NDR Tariff Payment to Central Government	8,995	9,170
NDR Levy Payment to Central Government	42	329
NDR Section 31 Grant Income	(1,019)	(2,003)
Revenue Support Grant (RSG) and non-ring fenced government grants	(42,708)	(36,992)
Recognised capital grants and contributions	(68,429)	(40,637)
Council Tax Freeze Grant	(1,310)	(1,298)
Total	(267,155)	(241,512)

12. Property, Plant and Equipment – movements on balances

2014/15	Council Dwellings (HRA)	Other Land & Buildings (HRA)	Other Land & Buildings (non-HRA)	Vehicles, Plant, Furniture & Equipment	Finance Leases	Infrastructure	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment (PPE) £'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Cost or valuation:</u>										
At 1 April 2014	324,659	4,458	323,852	20,352	1,538	259,062	2,553	386	30,906	967,766
Additions	14,502	15	17,257	3,258	0	20,050	636	0	15,454	71,172
Revaluation inc/(dec) rec in Revaluation Reserve	5,694	237	30,924	0	0	0	81	50	762	37,748
Revaluation inc/(dec) rec in surplus/deficit on Provision of Services	18,910	32	(824)	(5)	0	0	(703)	(28)	(444)	16,938
De-recognition – disposals	(1,747)	0	(280)	(8)	0	0	0	0	(627)	(2,662)
Assets reclassified (to)/from Assets under Construction	0	0	4,728	1,211	0	7,065	8	0	(13,012)	0
Assets reclassified (to)/from Investment Property	0	0	(792)	0	0	0	0	(84)	0	(876)
Assets reclassified (to)/from Surplus Assets	0	0	200	0	0	0	0	(200)	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	67	0	67
Assets reclassified (to)/from Intangible Assets	0	0	0	0	0	0	0	0	(1,831)	(1,831)
Accumulated depreciation w/o due to revaluation	(3,510)	(117)	(13,744)	(5)	0	0	0	(10)	(3,137)	(20,523)
As at 31st March 2015	358,508	4,625	361,321	24,803	1,538	286,177	2,575	181	28,071	1,067,799
<u>Accumulated depreciation and impairment:</u>										
At 1st April 2014	(9)	(88)	(23,251)	(14,630)	(1,089)	(52,160)	(3)	(53)	0	(91,282)
Depreciation charge in year	(3,514)	(82)	(7,431)	(1,383)	(225)	(9,172)	0	(2)	(676)	(22,485)
De-recognition – disposals	0	0	20	3	0	0	0	0	0	23
De-recognition – other	3,510	117	13,744	5	0	0	0	10	3,137	20,523
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0	46	0	46
Assets reclassified (to)/from Assets Under Construction	0	0	2,461	0	0	0	0	0	(2,461)	0
As at 31 March 2015	(13)	(53)	(14,457)	(16,005)	(1,314)	(61,332)	(3)	1	0	(93,175)
<u>Net book value:</u>										
at 31 March 2014	324,650	4,370	300,601	5,722	449	206,902	2,550	333	30,906	876,483
at 31 March 2015	358,495	4,572	346,864	8,798	224	224,845	2,572	182	28,071	974,623

2013/14	Council Dwellings (HRA)	Other Land & Buildings (HRA)	Other Land & Buildings (non-HRA)	Vehicles, Plant, Furniture & Equipment	Finance Leases	Infrastructure	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment (PPE)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Cost or valuation:</u>										
At 1 April 2013	303,876	4,294	326,175	18,574	1,538	237,144	1,995	1,309	21,655	916,560
Additions	7,598	0	17,411	1,784	0	21,918	713	173	12,367	61,964
Revaluation inc/(dec) rec in Revaluation Reserve	1,471	101	12,033	0	0	0	0	0	0	13,605
Revaluation inc/(dec) rec in surplus/deficit on Provision of Services	16,423	0	(1,451)	0	0	0	(2)	(1,016)	0	13,953
De-recognition – disposals	(1,658)	0	(28,464)	(93)	0	0	(152)	0	0	(30,367)
Assets reclass (to)/from Assets under Construction	0	0	3,034	83	0	0	0	0	(3,116)	0
Assets reclassified (to)/from Investment Property	0	120	0	0	0	0	0	0	0	120
Assets reclassified (to)/from Held for Sale	0	0	234	4	0	0	0	0	0	238
Assets reclassified (to)/from Other Land & Buildings	227	0	(227)	0	0	0	0	0	0	0
Accumulated depreciation w/o due to revaluation	(3,278)	(57)	(4,893)	0	0	0	0	(80)	0	(8,308)
As at 31st March 2014	324,659	4,458	323,852	20,352	1,538	259,062	2,553	386	30,906	967,766
<u>Accumulated depreciation and impairment:</u>										
At 1st April 2013	(7)	(65)	(22,445)	(13,408)	(865)	(44,031)	(3)	(102)	0	(80,926)
Reclassifications following reconciliation										
Depreciation charge in year	(3,257)	(80)	(8,883)	(1,299)	(224)	(8,129)	0	(31)	0	(21,902)
De-recognition – disposals	0	0	3,179	80	0	0	0	0	0	3,259
De-recognition – other	3,278	57	4,893	0	0	0	0	80	0	8,308
Assets reclassified (to)/from Held for Sale	0	0	(18)	(2)	0	0	0	0	0	(21)
Assets reclassified (to)/from Council Dwellings	(23)	0	23	0	0	0	0	0	0	0
As at 31 March 2014	(9)	(88)	(23,251)	(14,630)	(1,089)	(52,160)	(3)	(53)	0	(91,282)
<u>Net book value:</u>										
at 31 March 2013	303,869	4,229	303,730	5,166	673	193,113	1,992	1,207	21,655	835,634
at 31 March 2014	324,650	4,370	300,601	5,722	449	206,902	2,550	333	30,906	876,483

Depreciation:

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

- Council houses up to 60 years
- Operational buildings up to 50 years
- Infrastructure up to 30 years
- Vehicles up to 10 years
- Plant and equipment up to 10 years.

Capital Commitments:

As at 31 March 2015, the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2014/15 and future years, budgeted to cost £18.9m. Similar capital commitments as at 31 March 2014 were £6.5m. The major commitments are:

- Flitwick Leisure Centre - £9.8m
- Woodside Link highways improvement - £2.4m
- Roecroft Lower School - £4.1m
- St Andrews Lower School - £1.4m
- Russell Lower School - £1.2m

Revaluations:

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. In addition, a revaluation loss and material change review was undertaken at the 31 March 2015. All valuations, except Council dwellings, were carried out internally. Council Dwelling valuations are provided by the external Chartered Surveyors Wilks Head & Eve. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

The significant assumptions applied in estimating the fair values are:

- Good freehold title to the properties owner occupied, held as investments, or surplus to requirements
- Good adequate leasehold or other short-term tenure for the properties held leasehold for operational purposes
- Properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings
- Building structures, electrical heating and building service apparatus are in good repair and condition
- No contaminative or potential contaminative uses have ever been carried out in any of the properties
- For Depreciated Replacement Cost purposes that planning permission would be received without onerous or unusual conditions for alternative uses on the built area
- That repairs and maintenance expenditure is at an acceptable level and there is no significant backlog.

	Council Dwellings (HRA)	Other Land & Buildings (HRA)	Other Land & Buildings (non-HRA)	Vehicles, Plant, Furniture & Equipment	Finance Leases- Multi Functional Devices Equipment	Infra-structure	Community Assets	Surplus Assets	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Carried at historical cost</i>	0	0	0	8,798	224	224,845	2,572	0	0	236,439
Valued at fair value as at:										
31 March 2015	358,495	4,572	346,864	0	0	0	0	182	28,071	738,184
31 March 2014	324,650	4,371	300,603	0	0	0	0	331	30,905	660,861
31 March 2013	303,870	4,229	303,731	0	0	0	0	1,206	21,655	634,691
31 March 2012	230,200	77,509	365,655	0	0	0	0	1,919	41,905	717,188
Total cost or valuation	358,495	4,572	346,864	8,798	224	224,845	2,572	182	28,071	974,623

13. Heritage Assets

The Council does not have any financially material Heritage Assets and these are therefore not separately disclosed.

14. Investment Properties

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

	2013/14 £'000	2014/15 £'000
Rental income from investment property	(3,278)	(2,304)
Direct operating expenses arising from investment property	799	612
Net gain	(2,479)	(1,692)

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 subsequent repairs, maintenance or enhancement.

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

	2013/14 £'000	2014/15 £'000
Balance at start of the year	78,809	81,676
Reclassification	1,763	819
Enhancement	101	335
Disposals	(718)	0
Net gains from fair value adjustments	1,722	2,321
Balance at end of the year	81,676	85,151

15. Intangible Assets

The Council accounts for its software as Intangible Assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The Intangible Assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are 10 years as standard.

The carrying amount of Intangible Assets is amortised on a straight-line basis. The amortisation of £0.6m charged to revenue in 2014/15 (£0.5m in 2013/14) was charged to the IT administration cost centre and then absorbed as an overhead across all the service headings in the Cost of Services. The movement on Intangible Asset balances during the year is as follows:

	2013/14 £'000	2014/15 £'000
Balance at start of the year		
Gross carrying amounts	15,550	15,778
Accumulated amortisation	(8,472)	(9,021)
Net carrying amount at start of year	7,078	6,757
Additions:		
Purchases	228	784
From Assets Under Construction	0	1,831
Amortisation for the period	(549)	(551)
Net carrying amount at end of year	6,757	8,821
Comprising:		
Gross carrying amounts	15,778	18,393
Accumulated amortisation	(9,021)	(9,572)
Total	6,757	8,821

16. Financial Instruments

Categories of Financial Instruments:

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

	2013/14		2014/15	
	Long term £'000	Current £'000	Long term £'000	Current £'000
Investments:				
Loans and receivables ¹	4,852	14,124	5,004	568
Available-for-sale financial assets	148	0	(4)	0
Total investments	5,000	14,124	5,000	568
Debtors:				
Loans and receivables ²	574	29,016	564	30,070
Total debtors	574	29,016	564	30,070
Borrowings:				
Financial liabilities at amortised cost ³	(289,961)	(17,552)	(280,632)	(31,603)
Total borrowings	(289,961)	(17,552)	(280,632)	(31,603)
Other long-term liabilities:				
PFI and finance lease liabilities	(16,820)	0	(16,268)	0
Liability related to defined benefit pension scheme ⁴	(307,141)	0	0	0
Total other long-term liabilities	(323,961)	0	(16,268)	0
Creditors:				
Financial liabilities carried at contract amount ²	0	(41,555)	0	(38,527)
Finance leases - multi functional device printers	0	(261)	0	0
Total creditors	0	(41,816)	0	(38,527)
Grand total	(608,348)	(16,228)	(291,336)	(39,492)

1 Loans and receivables includes accrued interest of £66k (£115k in 2013/14)

2 "Trade" debtors/creditors are defined within the Council's Accounting Policies and are not the same as the Balance Sheet debtor/creditor definitions. "Trade" debtors/creditors exclude taxation, Council Tax, NDR and any other part where no trading agreement exists

3 Financial liabilities at amortised cost includes accrued interest of £1.157m (£1.179m in 2013/14)

4 Liabilities in respect of Defined Benefit Schemes are disclosed in line with IAS 19 at Note 43 Defined Benefit Pension Schemes. It is not required to disclose as a Financial Instrument.

Income, Expense, Gains and Losses:

2014/15	Financial liabilities at amortised cost £'000	Financial assets: loans & receivables £'000	Financial assets: available for sale £'000	Total £'000
Interest expense	9,289	0	0	9,289
Interest income	0	(169)	(249)	(418)
Net (gain)/loss for the year	9,289	(169)	(249)	8,871

2013/14	Financial liabilities at amortised cost £'000	Financial assets: loans & receivables £'000	Financial assets: available for sale £'000	Total £'000
Interest expense	9,295	0	0	9,295
Interest income	0	(447)	(249)	(696)
Net (gain)/loss for the year	9,295	(447)	(249)	8,599

Fair Values of Assets and Liabilities:

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

- information supplied by the Public Works Loan Board (PWLB) at 31 March 2015 for PWLB loans and by Arlingclose Ltd for other financial liabilities
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate its fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	2013/14 Carrying amount £'000	2013/14 Fair Value £'000	2014/15 Carrying amount £'000	2014/15 Fair Value £'000
Financial liabilities	(307,514)	(329,775)	(311,078)	(383,832)
Long-term creditors	0	0	0	0

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date.

	2013/14 Carrying amount £'000	2013/14 Fair Value £'000	2014/15 Carrying amount £'000	2014/15 Fair Value £'000
Loans and receivables *	18,923	18,923	5,572	5,572
Long-term debtors	574	574	564	564

* Excludes Cash and Cash Equivalents

Available-for-sale assets and assets and liabilities held at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on market price quotations where there is an active market for the instrument.

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

17. Inventories

The Council does not hold any inventories of material financial value.

18. Debtors

	2013/14 £'000	2014/15 £'000
Central government bodies	9,627	5,124
Other local authorities	3,507	2,814
NHS bodies	4,826	3,296
Public corporations and trading funds	65	0
Other entities and individuals *	34,877	41,831
Impairment allowance for uncollectable debts	(5,959)	(5,068)
Total	46,944	47,997

* Includes balances such as rent arrears, Council Tax and trade debtors.

Debtors are presented net of impairment.

19. Cash and Cash Equivalents

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

	2013/14 £'000	2014/15 £'000
Bank current accounts	13,011	(11,460) *
Short-term deposits	6,072	13,259
Total Cash and Cash Equivalents	19,083	1,799

* The overdrawn position in respect of bank accounts at 31 March 2015 reflects outstanding BACS and cheque payments.

20. Assets Held for Sale

	2013/14 £'000	2014/15 £'000
Balance outstanding at start of year	2,700	606
Assets newly classified as Held-for-Sale:		
Property, Plant & Equipment	0	6
Revaluation gains	0	144
Impairment losses	0	(42)
Assets de-classified as Held-for-Sale:		
Property, Plant & Equipment	(218)	0
Investment Property	(1,876)	0
Surplus assets	0	(73)
Assets sold	0	(471)
Other movements	0	3
Balance outstanding at year end	606	173

21. Creditors

	2013/14 £'000	2014/15 £'000
Central government bodies	(1,630)	(3,792)
Other local authorities	(3,896)	(5,588)
NHS bodies	(833)	(20)
Other entities and individuals	(38,350)	(34,577)
Total	(44,709)	(43,977)

22. Provisions

	Outstanding legal cases £'000	Insurance provision £'000	Other provisions £'000	Total £'000
Balance outstanding at start of year	(9)	(2,513)	(3,825)	(6,346)
Additional provisions made in year	0	(50)	(2,141)	(2,191)
Amounts used in year	8	185	2,249	2,442
Unused amounts reversed in year	1	0	391	392
Balance outstanding at year end	0	(2,378)	(3,326)	(5,703)

Outstanding Legal Cases:

The Council has not provided during the year ended 31 March 2015 for any specific ongoing legal cases. Details of concluded legal cases are not published as part of the statement of accounts on confidentiality grounds.

Insurance Provision:

The Council has a number of injury and compensation claims in progress where the Council is alleged to be at fault. Provision is made for those claims where it is deemed probable that the Council will have to make settlement, based on past experience of court decisions about liability and the amount of damages payable. The Council may be reimbursed by its insurers, but until claims are actually settled no income is recognised as the insurers in the majority of cases will only reimburse amounts above a £100k excess.

Other Provisions:

Other provisions include a provision for Local Land Charges, a provision for the Council's share of appeals against Non Domestic Rates and repayments that may be due to Central Government as a result of settling a final position on the Housing Benefit Subsidy grant claim.

23. Usable Reserves

Movements in the Council's Usable Reserves are detailed in the Movement in Reserves Statement. Usable reserves such as the General Fund and earmarked reserves are those where Members will be involved in deciding on the levels maintained, and their use.

24. Unusable Reserves

Movements in the Council's Unusable Reserves are detailed in the Movement in Reserves Statement. Unusable reserves such as the Revaluation Reserve and the Capital Adjustment Account are not subject to Member influence.

	2013/14	2014/15
	£'000	£'000
Revaluation Reserve (a)	(59,300)	(91,965)
Available-for-Sale Financial Instruments Reserve (b)	148	(4)
Capital Adjustment Account (c)	(493,035)	(534,881)
Financial Instruments Adjustment Account (d)	1,717	1,601
Pensions Reserve (e)	307,141	379,640
Collection Fund Adjustment Account (f)	2,653	(956)
Accumulated Absences Account (g)	2,942	2,472
Total Unusable Reserves	(237,734)	(244,094)

a) Revaluation Reserve

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

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

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

	2013/14 £'000	2014/15 £'000
Balance at start of year	(46,494)	(59,299)
Upward revaluation of assets	(14,038)	(41,765)
Downward revaluation of assets and impairment losses not charged to the (surplus)/deficit on the Provision of Services	433	3,885
(Surplus)/deficit on revaluation of non-current assets not posted to the surplus/deficit on the Provision of Services	(13,605)	(37,880)
Difference between fair value depreciation and historical cost depreciation	1,478	1,726
Accumulated gains on assets sold or scrapped	(30)	32
Other Revaluation Reserve adjustments	(648)	3,457
Amount written off to the Capital Adjustment Account	800	5,214
Balance at end of year	(59,299)	(91,965)

b) Available-for-Sale Financial Instruments Reserve

The Available-for-Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- sold and the gains are realised.

	2013/14 £'000	2014/15 £'000
Balance at start of year	276	148
Upward revaluation of investments	(128)	(152)
Downward revaluation of investments not charged to the (surplus) / deficit on the Provision of Services	(0)	0
Balance at end of year	148	(4)

c) 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 additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs 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 subsequent costs.

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

	2013/14 £'000	2014/15 £'000
Balance at start of year	(483,292)	(493,035)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	21,903	22,496
Revaluation (gains)/losses on Plant, Property & Equipment	5,638	9,524
Amortisation of intangible assets	549	551
Revenue Expenditure Funded from Capital Under Statute	19,773	32,241
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	27,826	3,137
Revaluations reversing previous revaluation losses	(19,591)	(26,430)
	56,098	41,519
Adjusting amounts written out of the Revaluation Reserve	(1,447)	(1,790)
Revaluation Reserve historic balances written off	648	(3,457)
Net written out amount of the cost of non-current assets consumed in the year	55,299	36,272
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(2,851)	(1,636)
Use of the Major Repairs Reserve to finance new capital expenditure	(6,569)	(3,597)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(44,564)	(52,415)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(7,074)	(7,250)
Capital expenditure charged against the General Fund and HRA balances	(2,256)	(10,900)
	(63,314)	(75,798)
Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(1,727)	(2,321)
Balance at year end	(493,035)	(534,881)

d) 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. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2015 will be charged to the General Fund over the next 14 years.

	2013/14 £'000	2014/15 £'000
Balance at start of year	1,833	1,717
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(116)	(116)
Balance at year end	1,717	1,601

e) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require the benefits earned to be financed as the Council makes employers 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.

	2013/14	2014/15
	£'000	£'000
Balance at start of year	303,829	307,141
Re-measurement of the net defined benefit liability/(asset)	(7,510)	60,761
Reversal of items relating to retirement benefits debited or credited to the (surplus)/deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	27,731	29,525
Employer's pensions contributions and direct payments to pensioners payable in the year	(16,909)	(17,787)
Balance at year end	307,141	379,640

f) 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.

	2013/14 £'000	2014/15 £'000
Balance at start of year	1,105	2,653
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements.	(1,518)	(2,727)
Amount by which Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from Non-Domestic Rates income calculated for the year in accordance with statutory requirements.	3,066	(882)
Balance at end of year	2,653	(956)

g) 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.

	2013/14 £'000	2014/15 £'000
Balance at start of year	3,435	2,942
Settlement or cancellation of accrual made at the end of the preceding year	(3,435)	(2,942)
Balance at end of year	2,942	2,472
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	(493)	(470)

25. Operating Activities

The cash flows for operating activities include the following items:

	2013/14	2014/15
	£'000	£'000
Surplus / (deficit) on the Provision of Services	34,087	22,004
Depreciation and impairment	35,856	39,434
Amortisation	549	551
Movement in pension liability	(10,822)	(11,738)
Carrying amount of non-current assets and non-current assets held-for-sale, sold or de-recognised	27,826	3,138
Other non-cash items charged to the net surplus on the Provision of Services	(1,722)	(7,255)
(Increase) / decrease in debtors	1,149	(1,796)
(Increase) / decrease in creditors	(7,526)	917
	<hr/> 45,306	<hr/> 37,761
Adjustment for items that are investing and financial activities:		
Interest and investment income	8,507	8,745
Proceeds from disposal of assets	(4,978)	(3,197)
Capital grants credited to surplus or deficit on the Provision of Services	(68,428)	(39,008)
	<hr/> (64,899)	<hr/> (35,089)
Net cash flows from operating activities	14,495	24,676

26. Investing Activities

	2013/14 £'000	2014/15 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(62,282)	(72,292)
Purchase of short- and long-term investments	5,994	13,555
Other payments for investing activities	(9,295)	(9,289)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,978	3,197
Capital grants	68,428	40,637
Proceeds from short- and long-term investments	788	544
Other receipts from investing activities	(19,773)	(27,641)
Net cash flows from investing activities	(11,162)	(51,289)

27. Financing Activities

	2013/14 £'000	2014/15 £'000
Repayments of short- and long-term borrowing	(7,558)	9,329
Other payments for financing activities	0	0
Net cash flows from financing activities	(7,558)	9,329

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 Expenditure Reporting Code of Practice (SeRCoP)*. However, decisions about resource allocation are taken by the Council's Executive on the basis of budget reports analysed across Directorates. These 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 capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

- Expenditure on support services is budgeted for centrally and is charged to Directorates after the Council's year end outturn report is published.

The income and expenditure of all the Council's Directorates recorded in the budget reports for the year is as follows:

	Children's Services	Improvement & Corporate Services	Social Care, Health, Housing & Public Health	Regeneration and Community Services	Corporate Resources and Corporate Costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2014/15						
Directorate Net Budget	44,676	21,379	62,902	41,812	15,201	185,970
Directorate expenditure:						
Employee Expenses	17,255	15,827	19,179	18,421	8,234	78,916
Other Service Expenses	55,647	17,637	87,335	41,895	79,474	281,988
Total Expenditure	72,902	33,464	106,514	60,316	87,708	360,904
Directorate Income:						
Fees, charges & other service income	(28,304)	(11,864)	(41,248)	(19,413)	(75,727)	(176,556)
Net Costs	44,598	21,600	65,266	40,903	11,981	184,348
Transfers to and (from) reserves	213	(356)	(913)	(76)	2,688	1,556
Actual after Reserve Transfers	44,811	21,244	64,353	40,827	14,669	185,904
Surplus reported to management						(66)
2013/14						
Directorate Net Budget	39,206	23,843	65,901	43,815	16,199	188,964
Directorate expenditure:						
Employee Expenses	17,038	15,301	15,689	18,982	7,968	74,978
Other Service Expenses	53,149	20,631	86,572	39,349	79,325	279,026
Total Expenditure	70,187	35,932	102,261	58,331	87,293	354,004
Directorate Income:						
Fees, charges & other service income	(27,951)	(13,726)	(38,781)	(15,041)	(76,490)	(171,989)
Net Costs	42,236	22,206	63,480	43,290	10,803	182,015
Transfers to and (from) reserves	470	(157)	2,486	(20)	3,585	6,364
Actual after Reserve Transfers	42,706	22,049	65,966	43,270	14,388	188,379
Surplus reported to management						(585)

Reconciliation of Directorate income and expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement:

This reconciliation shows how the figures in the analysis of Directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2013/14	2014/15
	£'000	£'000
Net Expenditure in Directorate Analysis	188,379	185,904
Items not included in management reporting but included in Comprehensive Income and Expenditure Statement Net Cost of Services:		
HRA Balance	(8,583)	(2,000)
Depreciation, amortisation and impairment	8,498	3,821
Pensions charged to services	(10,822)	(11,738)
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	19,773	32,241
Accrual for accumulated absences	(493)	(470)
	8,373	21,854
Items included in management reporting but not included in Comprehensive Income and Expenditure Statement Net Cost of Services:		
Earmarked reserve transfers	(5,112)	(3,676)
Interest payable / receivable	(6,249)	(5,999)
Statutory provision for financing capital investment	(7,074)	(7,250)
Other movements	790	(1,656)
	(17,645)	(18,581)
Cost of Services in Comprehensive Income and Expenditure Statement	179,107	189,177

Reconciliation to subjective analysis:

	Directorate analysis £'000	Amounts not reported to management £'000	Amounts not included in Income & Exp £'000	Cost of services £'000	Corporate amounts £'000	Total £'000
2014/15						
Fee, charges & other service income	(135,479)			(135,479)		(135,479)
Interest & Investment Income	(440)		440		(544)	(544)
Income from Council Tax					(133,341)	(133,341)
Income from Non-Domestic Rates					(29,657)	(29,657)
Government grants and contributions	(40,637)			(40,637)	(79,301)	(119,938)
Investment properties value, expenses and rents					(4,013)	(4,013)
Total Income	(176,556)		440	(176,116)	(246,856)	(422,972)
Employee expenses	78,916			78,916		78,916
Other service expenses	277,105		6,240	283,345	10	283,355
Depreciation, amortisation and impairment		3,821		3,821		3,821
Interest payments	6,439		6,439		10,870	10,870
Pension interest costs					13,163	13,163
Precepts and Levies					10,481	10,481
Payment to Housing Capital Receipts Pool					456	456
Gain or loss on disposal of fixed assets					(94)	(94)
Total Expenditure	362,460	3,821	(199)	366,082	34,886	400,968
(Surplus) / deficit on the provision of services	185,904	3,821	241	189,966	(211,970)	(22,004)

	Directorate analysis £'000	Amounts not reported to management £'000	Amounts not included in Income & Exp £'000	Cost of services £'000	Corporate amounts £'000	Total £'000
2013/14						
Fee, charges & other service income	(101,394)	(125)		(101,519)		(101,519)
Interest & Investment Income	(698)		698		(789)	(789)
Income from Council Tax					(128,361)	(128,361)
Income from Non Domestic Rates					(25,370)	(25,370)
Government grants and contributions	(69,897)			(69,897)	(113,423)	(183,320)
Investment properties value, expenses and rents					(3,489)	(3,489)
Total Income	(171,989)	(125)	698	(171,416)	(271,432)	(442,848)
Employee expenses	74,978			74,978		74,978
Other service expenses	278,443		(11,396)	267,047	205	267,252
Depreciation, amortisation and impairment		8,498		8,498		8,498
Interest payments	6,947		(6,947)		10,915	10,915
Pension interest costs					13,604	13,604
Precepts and Levies					10,946	10,946
Payment to Housing Capital Receipts Pool					438	438
Gain or loss on disposal of fixed assets					22,131	22,131
Total Expenditure	360,368	8,498	(18,343)	350,523	58,238	408,761
(Surplus) / deficit on the provision of services	188,379	8,373	(17,645)	179,107	(213,194)	(34,087)

29. Trading Operations

The Council has established a number of trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations. Details of those units are as follows:

		2013/14		2014/15	
		£'000	£'000	£'000	£'000
Car Parks: Parking management aims to support the local economy and facilitate development growth within Central Bedfordshire area. Cumulative spend over 3 years: £3.120m	Turnover	(1,262)		(1,264)	
	Expenditure	1,116		840	
	(Surplus)/deficit		(146)		(420)
Albion Archaeology: Provides a range of archaeological and other historic environment services to developers to facilitate sustainable growth and economic development within Central Bedfordshire area. Cumulative spend over 3 years: £5,515m	Turnover	(1,432)		(1,735)	
	Expenditure	1,713		1,977	
	(Surplus)/deficit		281		242
Other trading accounts	(Surplus)/deficit		70		188
Net (surplus) / deficit on trading operations			205		10

30. Pooled Budgets

Central Bedfordshire Council (CBC) entered into a pooled budget arrangement with Bedford Borough Council (BBC) and NHS Bedfordshire (NHSB) for the provision of community equipment services to meet the needs of people living in the geographical area. During 2014/15 the Council continued responsibility for hosting the pooled budget.

The partners contributed funds to the agreed budget equal to 21% (CBC), 13% (BBC) and 66% (NHSB) of the budget respectively. The same proportions were used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year.

The pooled budget is hosted by the Council on behalf of the two partners to the agreement outlined below:

Bedfordshire Community Equipment Service:	2013/14		2014/15	
	£'000	£'000	£'000	£'000
Funding provided to the pooled budget:				
Central Bedfordshire Council	(469)		(430)	
Bedford Borough Council	(305)		(279)	
Bedfordshire Clinical Commissioning Group	(1,503)		(1,376)	
CBC – Paediatrics	(24)		(24)	
Total Funding		(2,301)		(2,109)
Expenditure met from the pooled budget:				
Central Bedfordshire Council	2,301		2,109	
Total Expenditure		2,301		2,109

31. Members' Allowances

The Council paid the following amounts to Members of the Council during the year:

	2013/14	2014/15
	£'000	£'000
Salaries *	1,098	1,073
Allowances	3	0
Expenses	123	160
Total	1,224	1,233

* Salaries figure includes employer's national insurance and superannuation contributions

32. Officers' Remuneration

Senior Officers are defined by the Council as any officer at Director level or above, plus the Chief Finance Officer (Section 151) and Monitoring Officer. During 2014/15, this classification included the:

- Chief Executive
- Six Directors
- Chief Finance Officer (Section 151)
- Chief Legal & Democratic Services Officer (Monitoring Officer)

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

	Salary, Fees & Allowances	Expenses & Other Payments	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total
Richard Carr (Chief Executive) 2014/15 2013/14	181,300 181,300	801 1,300	182,101 182,600	44,237 43,331	226,338 225,931
Sue Harrison (Director of Children's Services) 2014/15 *	76,125	441	76,566	18,574	95,140
Edwina Grant (Deputy Chief Executive & Director of Children's Services) 2014/15 * 2013/14	50,507 153,988	301 1,241	50,808 155,229	12,091 36,713	62,899 191,942
Julie Ogley (Director of Social Care, Health & Housing) 2014/15 2013/14	142,781 140,562	1,160 827	143,941 141,389	34,838 33,594	178,780 174,983
Charles Warboys (Chief Finance Officer - S151) 2014/15 2013/14	101,655 89,973	572 833	102,227 90,806	24,804 21,503	127,031 112,309
John Atkinson (Monitoring Officer) 2014/15 2013/14	0 83,952	0 544	0 84,496	0 10,596	0 95,092
Alan Fleming (BEAR & Programme Director) 2014/15 2013/14	0 130,744	0 1,450	0 132,194	0 18,279	0 150,473
Marcel Coiffait (Director of Community Services) 2014/15 2013/14	108,839 96,833	569 394	109,408 97,227	26,657 23,143	136,065 120,370
Deb Broadbent-Clarke (Director of Improvement & Corporate Services) 2014/15 2013/14 *	135,000 101,250	488 299	135,488 101,549	0 0	135,488 101,549

Melanie Clay (Chief Legal & Democratic Services Officer) 2014/15 2013/14 *	84,800 39,058	0 0	84,800 39,058	20,605 9,335	105,405 48,393
Jason Longhurst (Director of Regeneration & Business Support) 2014/15 2013/14 *	110,000 9,821	1,807 0	111,807 9,821	26,840 2,348	138,647 12,169
Muriel Scott (Director of Public Health) 2014/15 2013/14	98,214 98,214	2,899 2,673	101,113 100,887	23,964 12,604	125,077 113,491
Totals: 2014/15 2013/14	1,089,221 1,125,695	9,038 9,651	1,098,259 1,135,526	232,611 211,446	1,330,870 1,346,702

* Part-year costs only

John Atkinson - Monitoring Officer – left 1/12/13.

Alan Fleming - BEAR & Programme Director - left 1/1/14.

Edwina Grant left 27/7/14 but was paid as Interim Director of Children's Services by Carlisle Management Services from 11/8/14 - 21/9/14 at a cost of £21,527.

Sue Harrison - Director of Children's Services – joined 22/9/14.

Muriel Scott - Director of Public Health is funded by Central Bedfordshire Council, Bedford Borough Council and Milton Keynes Council. CBC's element is a total remuneration of £46,787.

There were no other payments in either year to Senior Officers in relation to bonuses.

The following table shows the Council's other employees (excluding those individuals listed above within senior employees) receiving more than £50k remuneration for the year (excluding employer's pension contributions). The numbers for temporary employees and interim managers are based on the total cost paid to specialist staffing agencies which will be higher than the remuneration received by the individual staff.

Remuneration band	2013/14	2014/15	2013/14	2014/15
	Number of permanent employees	Number of permanent employees	Number of temporary employees and interim managers	Number of temporary employees and interim managers
£50,000-£54,999	61	56	15	15
£55,000-£59,999	24	47	13	10
£60,000-£64,999	37	37	17	15
£65,000-£69,999	8	15	5	18
£70,000-£74,999	8	6	6	6
£75,000-£79,999	6	2	6	5
£80,000-£84,999	4	4	3	5
£85,000-£89,999	4	8	0	3
£90,000-£94,999	0	3	4	1
£95,000-£99,999	1	1	5	1
£100,000-£104,999	0	1	1	1
£105,000-£109,999	1	1	1	1
£110,000-£114,999	0	0	0	0
£115,000-£119,999	0	0	0	0
£120,000-£124,999	0	0	0	1
£125,000-£129,999	0	0	0	1
£130,000-£134,999	0	0	0	0
£135,000-£139,999	0	0	0	0
£140,000-£144,999	0	0	0	0
£145,000-£149,999	0	0	1	1
£150,000-£154,999	1	0	0	0
£160,000-£164,999	0	0	0	0
£165,000-£169,999	0	0	0	1
Total	155	181	77	85

* The numbers of permanent employees receiving more than £50k remuneration in 2013/14 were understated in the published Statement of Accounts 2013/14. The corrected figures for 2013/14 are shown above.

Exit Packages

The total cost of £779k in the tables below includes all exit packages that have been agreed, accrued for and charged to the Council's Comprehensive Income & Expenditure Statement for the current year. The Council's Comprehensive Income & Expenditure Statement does not include any provision for exit packages, however there is an earmarked reserve established for this purpose.

The table below includes all benefits on termination, e.g., redundancy, pay in lieu of notice, severance and actuarial strain.

Exit package cost bands (including special payments)	Total number of compulsory redundancies by cost band		Total cost of exit packages in each band	
	2013/14	2014/15	2013/14 £'000	2014/15 £'000
£0 - £20K	50	59	294	403
£20 - £40K	6	7	177	184
£40 - £60K	4	4	189	192
£60 - £80K	0	0	0	0
£80 - £100K	0	0	0	0
£100 - £150K	0	0	0	0
£150 - £200k	1	0	156	0
Total	61	70	816	779

33. External Audit Costs

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

	2013/14 £'000	2014/15 £'000
Fees payable to Ernst & Young with regard to external audit services carried out by the appointed auditor for the year	185	186
Fees payable to Ernst & Young in respect of statutory inspections	0	0
Fees payable to Ernst & Young for the certification of grant claims and returns for the year	52	33
Fees payable in respect of other services provided by Ernst & Young during the year	0	15
Less: Rebates received from Ernst & Young during the year	(25)	(26)
Total	212	208

Rebates received from Ernst & Young include a downward variation to the Housing Benefit certification scale fees and the Teachers' Pension Scheme return audit, costs of which are included within other services provided during the year.

34. Dedicated Schools Grant

The Council's expenditure on schools is funded by the Dedicated Schools Grant (DSG), provided by the Department of Education (DfE). DSG is ring-fenced and can only be applied to meet expenditure properly included within the schools budget, as defined in the School Finance and Early Years Regulations 2011. The schools budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget, which is divided into a budget share for each school.

Details of how DSG received in 2014/15 was used are as follows:

Notes		Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
A	Final DSG for 2014/15 before academy recoupment	19,323	164,111	183,434
B	Academy figure recouped for 2014/15		(83,790)	(83,790)
C	Total DSG after academy recoupment for 2014/15	19,323	80,320	99,643
D	Plus: Brought Forward from 2013/14	1,127	1,940	3,067
E	Less: Carry-forward to 2015/16 agreed in advance			0
F	Agreed initial budgeted distribution in 2014/15	20,450	82,260	102,710
G	In-year adjustments	(1,127)	21	(1,106)
H	Final budget distribution for 2014/15	19,323	82,281	101,604
I	Less: Actual central expenditure	(15,244)		(15,244)
J	Less: Actual ISB deployed to schools		(82,281)	(82,281)
K	Plus Local authority contribution for 2014/15	0	0	0
L	Carry-forward to 2015/16	4,079	0	4,079

A Final DSG figure before any amount has been recouped from the authority excluding the January 15 early years block adjustment.

- B Figure recouped from the authority in 2014/15 by the DfE for the conversion of maintained schools into academies.
- C Total figure after DfE academy recoupment for 2014/15.
- D Figure brought forward from 2013/14 as agreed with the DfE.
- E Any amount which the authority decided after consultation with the schools forum to carry forward to 2014/15 rather than distribute in 2014/15.
- F Budgeted distribution of DSG, adjusted for carry-forward, as agreed with the schools forum.
- G Changes to the initial distribution, for example, adjustments for exclusions, or final early years block adjustment.
- H Budgeted distribution of DSG as at the end of the financial year.
- I Actual amount of central expenditure items in 2014/15 – amounts not actually spent.
- J Amount of ISB actually distributed to schools.
- K Any contribution from the local authority in 2014/15 which will have the effect of substituting for DSG in funding the Schools Budget.
- L Carry-forward to 2015/16.

35. Grant Income

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

	2013/14	2014/15
	£'000	£'000
Credited to Taxation and Non-specific Grant Income and Expenditure		
Council Tax	(128,361)	(132,043)
Council Tax Freeze Grant	(1,310)	(1,298)
NDR Share of Income	(34,365)	(36,943)
NDR (Tariff Paid out of NDR Income)	8,995	9,170
NDR Levy	42	99
NDR S31 Grant	(1,019)	(2,003)
RSG and non-ring fenced government grants	(42,708)	36,992
	(198,726)	(200,010)
Recognised grants and contributions (Capital)		
Section 106	(2,107)	(2,523)
Section 278	(4,302)	(3,172)
Devolved Formula Capital	(2,166)	(764)
Structural Maintenance	(4,022)	(3,959)
Integrated schemes	(1,751)	(1,511)
New School Places Programme	(27,930)	(15,486)
Schools Capital Maintenance	(5,775)	(939)
NHS Campus Closure	(4,802)	0
Woodside Link	(2,350)	(2,770)
A5/M1 link road	(1,053)	0
Alternative Provision Free School	(3,641)	0
Leisure Facilities Astral Park	(1,028)	0
A1 Biggleswade South Roundabout	(1,500)	(900)
Local Highways	(724)	(367)
Smarter Routes to Employment	(783)	(511)
Sheltered Housing Re-provision	0	(1,123)
Others (individually less than £1m)	(4,495)	(6,162)
	(68,429)	(40,637)
Total	(267,155)	(240,647)

	2013/14	2014/15
Credited to Services (Revenue)	£'000	£'000
Dedicated Schools Grant	(100,210)	(99,643)
Housing Benefit Subsidy	(61,280)	(60,683)
Information Standards Board (ISB) Related	(2,652)	(2,638)
Young People's Learning Agency (YPLA)		
Early Intervention Grant	(2,856)	(2,683)
NHS Grant	(3,099)	(3,969)
Housing Benefit Administration	(1,280)	(1,164)
Adult & Community Learning	(1,075)	(785)
Pupil Premium	(5,934)	(8,126)
New Homes Bonus	(4,985)	(6,725)
Drug & Alcohol Misuse	(288)	(53)
Offender Health Grant	(1,292)	(1,292)
Public Health Grant	(9,873)	(10,150)
Local Sustainable Transport Fund	(1,049)	(1,337)
Other Grants (individually below materiality threshold))	(9,530)	(10,653)
Total	(205,403)	(209,901)

	2013/14	2014/15
Grants Receipts in Advance (Capital)	£'000	£'000
Section 106	(19,608)	(21,249)
Section 278	(3,169)	(69)
Schools Capital Maintenance	0	(1,224)
Social Care SCP	(1,465)	(15)
Others (individually less than £1m)	(436)	(1,747)
Other contributions	(123)	0
Total	(24,801)	(24,304)

36. 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.

UK Central Government:

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g., Council Tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 28 on reporting for resource allocation decisions. Grant receipts outstanding at 31 March 2015 are shown in Note 35.

Members:

There are 59 Members of the Council in total (unchanged from 2013/14) who have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2014/15 is shown in Note 31.

A number of Councillors are school governors and are appointed Town and Parish Council Members. These interests are not disclosed in the table below.

A list of Councillor relationships with companies / organisations that have had material financial transactions in 2014/15 with the Council is provided below. Material financial transactions for this purpose are defined as those over £1.0m. If however the transactions are below £1.0m, but significant in relation to the total income and expenditure of the Related Party, they have been included within this disclosure.

Councillor	Organisation	Relationship	2014/15 Expenditure by the Council £'000
D. Bowater	South Essex Partnership Trust	Governor	4,856
P.N. Aldis	Aragon Housing Association	Member	474
R. Egan & P. Hollick	South Beds Dial a Ride	Member	175

Senior Officers:

Senior Officers are defined as per Note 32.

No material related party transactions relate to Senior Officers.

Other Public Bodies:

The Council hosts a pooled budget arrangement with NHS Bedfordshire and Bedford Borough Council for the provision of Community Equipment Services. Transactions and balances outstanding are detailed in Note 30.

Pension Fund:

Central Bedfordshire Council is not an administering Council with regard to pension funds.

Entities Controlled or Significantly Influenced by the Council:

There are no groups controlled or significantly influenced by Central Bedfordshire Council.

37. 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 and PFI contracts), 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 as follows:

	2013/14 £'000	2014/15 £'000
Opening Capital Financing Requirement	399,434	418,184
Capital investment:		
Property, plant and equipment	61,962	71,173
Investment property	101	335
Intangible assets	228	784
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	19,773	32,241
Sources of finance:		
Capital receipts	(2,851)	(1,636)
Government grants and other contributions	(44,564)	(52,415)
Major Repairs Allowance	(6,569)	(3,597)
Sums set aside from revenue:		
Direct revenue contributions	(2,256)	(10,900)
Minimum Revenue Provision (MRP) / PFI principal	(7,074)	(7,250)
Closing Capital Financing Requirement	418,184	446,919
Increase/(decrease) in Capital Financing Requirement	18,750	28,735

38. Leases

Council as Lessee

Finance Leases:

At 31 March 2015, the Council has not taken any material finance leases.

Operating Leases:

The Council has use of a number of buildings and land by entering into operating leases, with various lease lengths from 1 to 99 years. Most are less than 25 years and many are annual, those that are 99 years are very limited in number and immaterial in value.

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

	2013/14 £'000	2014/15 £'000
Not later than one year	265	265
Later than one year and not later than five years	440	260
Later than five years	414	385
Total	1,119	910

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

	2013/14 £'000	2014/15 £'000
Minimum lease payments	273	265
Total	273	265

Council as Lessor

Finance Leases:

The Council has no leased out assets whereby the Council would be lessor, that meet the definition of a finance lease.

Operating Leases:

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses
- for agricultural purposes.

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

	2013/14 £'000	2014/15 £'000
Not later than one year	1,380	2,094
Later than one year and not later than five years	1,101	2,883
Later than five years	1,620	14,505
Total	4,101	19,482

* Minimum lease payments receivable in future years were understated in 2013/14

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

39. Private Finance Initiatives (PFI) and Similar Contracts

In December 2003, Bedfordshire County Council entered into a contract with Bedfordshire Education Partnership Ltd for the provision of new buildings, the refurbishment of existing building and associated facilities management at two schools which have both since converted to Academy status.

The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct new buildings, refurbish existing buildings and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the schools.

The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Academies for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the remaining term of the contract.

Property, Plant and Equipment:

The assets used to provide services at the schools are not recognised on the Council's Balance Sheet, given that the two schools have converted to Academy status and the assets were written out of the Council's asset register at the point of transfer.

Payments:

The Council makes an agreed payment each year to Bedford Education Partnership Ltd which is increased each year by inflation linked to the Retail Price Index (RPI) and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed until the contract expires on 31 December 2035. The payment was £4.204m in 2014/15 (£4.125m in 2013/14).

Payments remaining to be made under the PFI contract at 31 March 2015 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for service £'000	Reimbursement of capital expenditure £'000	Interest £'000	Total £'000
Payable in 2015/16	2,165	535	1,586	4,286
Payable within 2 to 5 years	8,756	2,843	6,411	18,010
Payable within 6 to 10 years	13,909	2,539	8,210	24,658
Payable within 11 to 15 years	15,336	3,402	8,644	27,382
Payable within 16 to 20 years	15,698	5,814	9,014	30,526
Payable within 20 to 25 years	2,930	1,135	2,458	6,523
Total	58,794	16,268	36,323	111,385

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of services they provide, the capital expenditure incurred and the interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

	2013/14 £'000	2014/15 £'000
Balance outstanding at start of year	17,409	16,820
Payments during the year	(589)	(552)
Balance outstanding at year end	16,820	16,268

40. Capitalisation of Borrowing Costs

Central Bedfordshire Council did not capitalise any borrowing costs in 2014/15.

41. Termination Benefits

The Council terminated the contracts of 70 employees in 2014/15, incurring direct redundancy costs of £779k (61 employees and £816k in 2013/14) – see Note 32 for the number of exit packages and total cost per band. These costs have been incurred as part of the Council's drive to reduce operating costs:

- £27k paid to 4 officers in Children's Services
- £250k paid to 25 officers in Corporate Services
- £158k paid to 11 officers in Regeneration & Community Services
- £234k paid to 15 officers in Social Care, Health & Housing
- £111k paid to 15 officers for schools.

42. Pension Schemes Accounted for as Defined Contribution Schemes

The Council does not participate in any defined contribution schemes.

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. 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 this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2014/15, the Council paid £4.949m to Teachers' Pensions in respect of teachers' retirement benefits, representing 12.89% of pensionable pay (14.08% in 2013/14). There were no contributions remaining payable at the year-end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 43.

NHS Staff Pension Scheme

Following the transfer of Public Health responsibilities from 1 April 2013 a number of NHS staff transferred to the Council and 19 employees maintained their membership in the NHS Pension Scheme. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is an unfunded defined benefit scheme. However, the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2014/15, the Council paid £57k as Employers Contributions to the NHS Pension Scheme (£66k in 2013/14).

43. Defined Benefit Pension Schemes

Participation in Pension Schemes:

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment 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 one post-employment scheme: the Local Government Pension Scheme (LGPS), administered locally by Bedford Borough 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. There are no other schemes other than the LGPS.

Transactions Relating to Post-employment Benefits:

The cost of retirement benefits in the Comprehensive Income and Expenditure Statement are recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge recognised against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

	2013/14 £'000	2014/15 £'000
Comprehensive Income and Expenditure Statement		
<i>Cost of Services:</i>		
<i>Service cost comprising:</i>		
Current service cost	15,003	16,332
Past service cost (including curtailments)	0	317
(Gains) / losses from settlements	(876)	(287)
<i>Financing and Investment Income and Expenditure:</i>		
Net interest expense	13,604	13,163
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	27,731	29,525
<i>Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement</i>		
<i>Re-measurement of the net defined benefit liability comprising:</i>		
Return on plan assets (excluding the amount included in the net interest expense)	1,279	30,821
Actuarial gains / (losses) arising on changes in demographic assumptions	12,830	0
Actuarial gains / (losses) arising on changes in financial assumptions	(8,767)	(98,710)
Other	(12,852)	7,128
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	(7,510)	(60,761)
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	27,731	29,525
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employer's contributions payable to scheme	15,606	17,787

Pensions Assets and Liabilities Recognised in the Balance Sheet:

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	2013/14	2014/15
	£000	£000
Present value of the defined benefit obligation:		
Present value of funded liabilities	664,446	781,942
Present value of unfunded liabilities	19,917	20,397
	684,363	802,339
Fair value of plan assets	(377,221)	(422,698)
Net liability arising from defined benefit obligation	307,142	379,641

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

	2013/14	2014/15
	£'000	£'000
Opening fair value of scheme assets	365,713	377,221
Interest income	16,369	16,177
Re-measurement gains / (losses):		
The return on plan assets, excluding the amount in the net interest expense	(1,279)	30,821
Employer contributions	15,606	16,506
Employer contributions in respect of unfunded benefits	1,303	1,281
	16,909	17,787
Contributions from employees into the scheme	4,142	4,829
Funded benefits paid	(22,175)	(22,856)
Unfunded benefits paid	(1,303)	(1,281)
	(23,478)	(24,137)
Other	(1,155)	0
Closing fair value of scheme assets	377,221	422,698

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	Funded & Unfunded Liabilities	
	2013/14 £'000	2014/15 £'000
Opening balance at 1 April	669,543	684,363
Current service cost	15,003	16,332
Interest cost	29,973	29,340
Contributions from employees into the scheme	4,142	4,829
Re-measurement (gains) / losses:		
Actuarial losses arising from changes in demographic assumptions	12,830	0
Actuarial (gains) / losses arising on changes in financial assumptions	(8,767)	98,710
Other	(12,852)	(7,128)
	(8,789)	91,582
Losses on curtailment	295	317
Funded benefits paid	(22,175)	(22,856)
Unfunded benefits paid	(1,303)	(1,281)
	(23,478)	(24,137)
Liabilities extinguished on settlements	(2,326)	(287)
Closing balance at 31 March	684,363	802,339

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets	
	2013/14 £'000	2014/15 £'000
Cash and cash equivalents	24,806	26,319
Equity instruments:		
<i>By industry type</i>		
Consumer	4,284	3,954
Manufacturing	3,050	3,508
Energy and utilities	6,245	8,227
Financial institutions	7,915	8,678
Health and care	6,281	8,815
Information technology	4,865	6,665
Other	3,667	5,260
Sub-total equity	36,307	45,107
Bonds:		
<i>By sector</i>		
Government	0	44,691
Sub-total bonds	0	44,691
Property:		
<i>By type</i>		
UK Property	29,457	41,851
Overseas Property	347	25
Sub-total property	29,804	41,876
Other investment funds:		
Equities	150,854	171,727
Bonds	68,796	35,049
Other	66,655	57,929
Sub-total other investment funds	286,305	264,705
Total assets	377,222	422,698

Of the 2014/15 scheme assets, £200.8m (47.5%) have quoted prices in active markets, and £221.9m (52.5%) have quoted prices not in active markets. Comparative figures for 2013/14 are quoted prices in active markets £163.5m (43.3%) and quoted prices not in active markets £213.7m (56.7%).

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.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries, estimates for the Bedfordshire Pension Fund being based on the latest full valuation of the Scheme as at 1 April 2013.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2013/14	2014/15
Long-term expected rate of return on assets in the scheme *	4.2%	3.2%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.4	22.4
Women	24.3	24.3
Longevity at 65 for future pensioners:		
Men	24.4	24.4
Women	26.8	26.8
Rate of inflation	3.6%	3.3%
Rate of increase in salaries	3.6%	3.3%
Rate of increase in pensions	2.8%	2.4%
Rate for discounting scheme liabilities	4.2%	3.2%

* Rate for discounting scheme liabilities, which is determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The following sensitivity analysis has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that only life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the Scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the following sensitivity analysis did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme 2014/15 £'000	
	Approximate % increase to Employer Liability	Approximate monetary amount £'000
Longevity (increase in 1 year)	3%	24,070
Rate of increase in salaries (0.5% increase)	2%	18,599
Rate of increase in pensions (0.5% increase)	7%	58,812
Rate of discounting Scheme liabilities (0.5% decrease)	10%	78,460

44. Contingent Liabilities

During the year ended 31 March 2015 the Council conducted a tender in accordance with public procurement regulations for the construction of a leisure centre. An unsuccessful bidder for the construction contract has served a public procurement challenge in respect of alleged breaches of the procurement regulations. Subject to the results of further legal proceedings it is possible that the Council may be liable for costs, penalties and damages.

45. Contingent Assets

At 31 March 2015, the Council was not aware of any contingent assets.

46. 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 the counterparty to a financial asset might fail to meet its contractual obligations, causing a loss to the Council
- liquidity risk – the possibility that the Council might not have the cash available to make its contracted payments on time
- market risk – the possibility that an unplanned financial loss might arise for the Council as a result of changes in market variables such as interest rates or equity prices.

The Council's overall risk management programme includes 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 the Finance Department's 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 exposure to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, which will be the lowest published long-term credit rating assigned by the international rating agencies of Moody's, Standards & Poor's, and Fitch – a minimum long-term rating of BBB+ (or Moody's equivalent of Baa1) for UK counterparties: AA+ (or Moody's equivalent of Aa1) for non-UK sovereigns. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The limits for new specified investments and credit criteria in respect of financial assets held by the Council are detailed on the Council's website:

<http://www.centralbedfordshire.gov.uk/council-and-democracy/strategies-and-policies/default.aspx>

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recovery applies to all of the Council's deposits, but there was no evidence at the 31 March 2015 that this risk was likely to crystallise.

The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council has a total of £13.473m customer balances which have been invoiced at year end. This can be analysed as follows:

	31 March 2014 £'000	31 March 2015 £'000
Less than three months	9,795	10,254
Three months to one year	1,815	1,168
More than a year	2,598	2,051
Total	14,208	13,473

Liquidity Risk:

The Council has a cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loan Board (PWLB). There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that no more than 20% of loans are due to mature within any one year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

	2013/14 £'000	2014/15 £'000
Less than one year *	16,373	30,446
Between one and two years	9,446	6,612
Between two and five years	6,612	0
Between five and ten years	74,767	77,727
Between ten and 25 years	124,877	121,917
More than 25 years	75,916	75,916
Total	307,991	312,618

* Includes short-term fixed temporary borrowing

All above figures are quoted at nominal value.

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 risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk and aims to keep a maximum of 35% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2015, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	2014/15 £'000
Increase in interest payable on variable rate borrowings	821
Increase in interest receivable on variable rate investments *	(138)
Impact on Surplus or Deficit on the Provision of Services	683
Share of overall impact debited to the HRA	200
Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(40,069)

* Based upon investments and Cash and Cash Equivalents

The impact of a 1% fall in interest rates would be the same movement as above but in reverse for variable rated borrowing. The movement for interest receivable would be half of the value above in reverse because as the Base Rate is 0.5% it couldn't fall below 0%.

Price Risk

The Council does not invest in equity shares but does hold units to the value of £5m in a property fund with Aviva Investors (the "Lime Fund"). The Council is consequently exposed to losses arising from movements in the price of the units.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

The units held are all classified as 'Available-for-Sale' and as all movements in price are unrealised until sale, when they would become realised, the impact of gains and losses are recognised in the Available-for-Sale Financial Instruments Reserve. A general shift of 5% in the price of shares (positive or negative) would result in a £250k gain or loss being recognised in the Available-for-Sale Financial Instruments Reserve for 2014/15 (the actual cumulative unrealised gain for the Lime Fund stood at £4k as at 31/03/2015).

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies. As a result, there is no exposure to losses arising from movements in exchange rates.

47. Trust Funds

The Council acts a custodian trustee for three trust funds. As a custodian trustee, the Council holds the property but takes no decisions on its use. The funds are not assets of the Council and therefore they have not been included in the Council's Balance Sheet.

Funds for which the Council acts as custodian trustee:

2014/15	Income £'000	Expenditure £'000	Assets £'000	Liabilities £'000
<u>LW Williams Fund</u> Bursary / scholarship prize for the pupil with the best A-level results, confined to schools serving Dunstable and the outlying districts (excluding Luton). Established in 1993. Low interest rates resulted in less than £1k earned in 2014/15 and a prize of less than £1k being awarded in September 2014. This has been rounded down and appears as zeros for the purpose of this note.	0	0	10	0
<u>Adult Social Care Customer Fund</u> A social care client made CBC the appointee for £30k in December 2010 following the decision to withdraw this sum from the Allied Irish Bank. Low interest rates resulted in less than £1k being earned in interest during 2014/15. This has been rounded down and appears as zeros for the purpose of this Note.	0	0	30	0
<u>LuDun Fund</u> To provide employment, training, accommodation, facilities and services for people who by reason of mental or physical disability are unable to gain normal employment. This service ceased during 2011/12 and associated costs were borne whilst disposals contributed to recorded income.	0	375	128	0
Total	0	375	168	0

2013/14	Income £'000	Expenditure £'000	Assets £'000	Liabilities £'000
<u>LW Williams Fund</u> As above.	0	0	10	0
<u>Adult Social Care Customer Fund</u> As above	0	0	30	0
<u>LuDun Fund</u> As above	(2)	162	503	(375)
Total	(2)	162	543	(375)

Supplementary Financial Statements 2014/15

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

This statement shows the economic cost in the year of providing housing services in accordance with International Financial Reporting Standards, rather than the amount to be funded from rents and government grants. The Council charges rent to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2013/14 £'000	Note	2014/15 £'000	2014/15 £'000
Expenditure			
5,090		5,083	
5,250		6,226	
4,282		266	
(13,145)	7	(15,345)	
113		117	
148		102	
1,738			(3,550)
Income			
(25,287)		(26,583)	
(843)		(487)	
(866)		(810)	
(722)		(556)	
(27,718)			(28,436)
(25,980)			(31,986)
105			120
(25,877)			(31,866)
HRA share of the operating income and expenditure included in the whole Council Comprehensive Income and Expenditure Statement:			
(669)			(514)
0			4,013
(90)			(104)
621	9		669
(138)			4,064
(26,015)			(27,802)

* In 2013/14, 'Interest payable and similar charges' of £3.968m was disclosed within Expenditure under 'Rent, rates, taxes and other charges'.

HRA 1 Housing Stock

The number and types of dwelling in the authority's housing stock:

Property Type	Stock at 01/04/2014	Additions	Sales	Deleted / Demolished	Stock at 31/03/2015
Low rise flats	1,298		(4)		1,294
Medium rise flats	504				504
High rise flats	0				0
Houses & Bungalows	3,356	2	(24)		3,334
Total	5,158	2	(28)	0	5,132

HRA 2 Balance Sheet Values of HRA Assets

	Value at 01/04/2014 £'000	Value at 31/03/2015 £'000
Operational assets		
Council dwellings	324,650	358,495
Other land & buildings	4,370	4,572
Total	329,020	363,067

As at 1 April 2014, the vacant possession value of the Council's dwellings is estimated at £689.3m compared with the Balance Sheet value of £324.7m shown above. This variance reflects the economic cost to the Government of providing council housing at less than market rents.

HRA 3 Major Repairs Reserve

The Major Repairs Reserve income and expenditure relates to Council Houses. The Major Repairs Reserve balance at 31 March can be analysed as follows:

	2013/14 £'000	2014/15 £'000
Balance at 1 April	(3,437)	(200)
Total depreciation on all HRA assets	(3,332)	(3,597)
Expenditure in year	6,569	3,597
Balance at 31 March	(200)	(200)

HRA 4 Capital Expenditure and Financing

The Council spent £13.4m on HRA capital projects in 2014/15 (2013/14 £7.6m). This spending was financed from the following sources:

Source of finance	2013/14 £'000	2014/15 £'000
Major repairs allowance	6,569	3,597
Capital expenditure funded from revenue	828	9,098
Capital receipts	200	700
Total	7,597	13,395

HRA 5 Capital Receipts

The total receipts from the sale of HRA assets in the year were as follows:

Asset type	2013/14 £'000	2014/15 £'000
Sale of Council houses	2,296	2,261
Right-to-buy discount repaid	31	0
Principal repayments on mortgage	11	4
Total	2,338	2,265

HRA 6 Interest and Investment Income

	2013/14 £'000	2014/15 £'000
HRA investment income	(4)	(4)
Interest on cash balances & mortgages	(86)	(100)
Total	(90)	(104)

HRA 7 Depreciation and Impairment

Depreciation and impairment is only charged to the HRA in respect of operational assets. The charges for 2014/15 were as follows:

	2013/14 £'000	2014/15 £'000
HRA assets- depreciation:		
Council dwellings	3,252	3,515
Other land & buildings	80	82
HRA assets – (revaluation)/impairment:		
Council dwellings	(16,477)	(18,911)
Other land & buildings	0	(31)
Total	(13,145)	(15,345)

HRA 8 Rent Arrears

The amount of rent arrears and the aggregate Balance Sheet provision in respect of uncollectable debts:

	2013/14 £'000	2014/15 £'000
Current tenant arrears	547	500
Former tenant arrears	340	426
Gross Rent Arrears	887	926
Bad debt provision	(464)	(514)
Total	423	412

HRA 9 The HRA share of contributions to / from the Pensions Reserve

The Council recognises the share of pension fund net assets and liabilities attributable to the HRA within appropriations in the net operating costs for the service. Appropriate adjustments are made so as to ensure that the sum required to be funded by housing rents is equal to the actual contributions paid to the Pension Fund in the year. The following adjustments have been made through the Movement on the HRA Statement balance in the year.

	2013/14 £'000	2014/15 £'000
Current service costs & unfunded (within expenditure)	625	766
Net interest on the net defined benefit liability	621	669
Net change to income and expenditure account	1,246	1,435
Statement of movement in the HRA balance:		
Reversal of net charges made for retirement benefits	(534)	(596)
Employers contribution payable to the scheme (within expenditure)	712	839

COLLECTION FUND STATEMENT

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 and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

	Council Tax		Business Rates		Total	
	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000
Income						
Council Tax receivable	(151,075)	(155,249)	0	0	(151,075)	(155,249)
Business rates receivable	0	0	(76,494)	(78,767)	(76,494)	(78,767)
	(151,075)	(155,249)	(76,494)	(78,767)	(227,569)	(233,016)
Expenditure						
Precepts, Demands and Shares:						
Central Government	0	0	38,193	38,306	38,193	38,306
Central Bedfordshire Council	118,363	119,588	37,429	37,540	155,792	157,128
Police and Crime Commissioner for Bedfordshire	13,887	14,309	0	0	13,887	14,309
Bedfordshire Fire and Rescue Service	7,759	7,996	764	766	8,523	8,762
Parishes	9,464	9,806	0	0	9,464	9,806
	149,473	151,699	76,386	76,612	225,859	228,311
Charges to Collection Fund:						
Write-offs of uncollectable amounts	355	185	707	163	1,062	163
Increase / (decrease) in bad debt provision	622	267	175	606	797	873
Increase / (decrease) in appeals provision	0	0	5,166	538	5,166	538
NDR cost of collection	0	0	315	314	315	314
Disregard Amounts:						
Renewable Energy	0	0	0	348	0	348
Transitional Protection Payments	0	0	0	140	0	140
	977	267	6,363	2,110	7,340	2,377
Central Government	0	0	0	(522)	0	(522)
Central Bedfordshire Council	(986)	50	0	(512)	(986)	(462)
Police and Crime Commissioner for Bedfordshire	(105)	5	0	0	(105)	5
Bedfordshire Fire and Rescue Service	(59)	3	0	(10)	(59)	(7)
Contributions to previous year's Surplus / (Deficit):	(1,150)	58	0	(1,045)	(1,150)	(987)
Surplus / (Deficit) arising during the year	1,775	3,225	(6,255)	1,090	(4,480)	4,315
Surplus / (Deficit) b/fwd 1 April	(1,312)	463	0	(6,255)	(1,312)	(5,792)
Surplus / (Deficit) c/fwd 31 March	463	3,688	(6,255)	(5,165)	(5,792)	(1,477)

CF 1 Introduction

The Collection Fund is required by statute to show the transactions of the billing authority in relation to Council Tax and Non-Domestic Rates (NDR). The Collection Fund shows how the transactions have been distributed to the Council and its major preceptors: Central Government; Bedfordshire Police Authority; and Bedfordshire Fire and Rescue Service. Town and parish precepts form part of the amount due to be collected from Council Taxpayers within Central Bedfordshire.

The transactions of the Collection Fund are wholly prescribed by legislation. Billing authorities have no discretion to determine which receipts and payments are accounted for within the fund and which outside.

CF 2 Council Tax Base

The tax base is derived by estimating the number of domestic properties in each Council Tax band, applying reliefs and exemptions and multiplying the result by the weighting factor applicable to each tax band. This result is then reduced by 1% to allow for non-collection and other reductions such as discounts and appeals.

For 2014/15 the Council Tax base was calculated as follows:

Tax Band	Property by Band	Weighting Factor	Band D Equivalent 2014/15	Band D Equivalent 2013/14
A	9,494	6/9	6,329	6,289
B	22,589	7/9	17,569	17,501
C	31,715	8/9	28,191	28,066
D	20,916	9/9	20,916	20,623
E	14,455	11/9	17,667	17,490
F	7,690	13/9	11,108	10,976
G	4,510	15/9	7,517	7,458
H	339	18/9	678	670
	111,708		109,975	109,074
Less: other adjustments (discounts / appeals etc.)			(19,493)	(17,601)*
			90,482	91,473*
Less: adjustment for collection rate (1%)			923	(1,005)*
Tax Base			91,405	90,468

* 2013/14 figures corrected to reflect 1% adjustment in collection rate

The amount of Council Tax required by Central Bedfordshire (including Town and Parish Councils but excluding Bedfordshire Police and Fire) is arrived at by dividing the net budget requirement of the Council by the tax base to arrive at the Band D equivalent as follows: 2014/15: £129,393,447/91,405 = £1,415.61 (2013/14: £127,826,791/90,468 = £1,412.95).

CF 3 NDR

The total non-domestic rateable value at 31 March 2015 was £202.1m as per the Valuation Office's schedule dated 28 March 2015 (£196.7m in 2013/14).

The 2014/15 national non-domestic rate multiplier set for the year by the Government was 48.2p (47.1p in 2013/14) and 47.1p for small businesses (46.2p in 2013/14).

CF 4 Allocation of the Collection Fund

The Council has to reflect balances held in respect of its own share of Council Tax and Non-Domestic Rates debt. The remaining balances are reflected within the Balance Sheet as debtors or creditors with major preceptors and the Government depending on whether the cash paid over to them is more or less than their attribute share of Council Tax or NDR due for the year, net of any provision for bad debts.

For 2014/15, the Collection Fund Surplus / (Deficit) at the year-end is split as follows:

	31 March 2014			31 March 2015		
	£'000 Council Tax	£'000 Business Rates	£'000 Total	£'000 Council Tax	£'000 Business Rates	£'000 Total
Central Bedfordshire Council	396	(3,065)	(2,669)	3,140	(2,531)	609
Central Government	0	(3,127)	(3,127)		(2,582)	(2,582)
Police and Crime Commissioner for Bedfordshire	43	0	43	351	0	351
Bedfordshire Fire and Rescue Service	24	(63)	(39)	196	(52)	144
Total	463	(6,255)	(5,792)	3,688	(5,165)	(1,478)

STATEMENT OF AUDITOR'S OPINION

Independent Auditor's report to the Members of Central Bedfordshire Council

Subject to Audit Committee Approval

ANNUAL GOVERNANCE STATEMENT

Separate report to the Members of Central Bedfordshire Council

Subject to Audit Committee Approval

GLOSSARY

Accounting Period The annual period of time covered by the accounts commencing on 1 April until 31 March.

Accruals An accounting principle where income and expenditure are taken into account in the year in which they are earned or incurred, rather than when monies are received or invoices are actually paid.

Acquisitions The Council spends funds from the capital programme to buy or enhance assets such as land and buildings.

Actuarial Valuation The Actuary reviews the assets and liabilities of the Pension Fund and reports to the Council on the Fund's financial position and recommended employers' contribution rates every three years.

Agency Services provided by or for another local authority or public body where the cost of carrying out the service is reimbursed.

Asset A resource controlled by the Council as a result of past events and from which future economic or service potential is expected to flow to the Council.

Asset Register A record of Council assets including land and buildings, housing, infrastructure, vehicles, plant and equipment. This is maintained for capital accounting and property management purposes. It is updated annually to reflect new acquisitions, disposals, revaluations and depreciation.

Audit of Accounts An independent examination of the Council's accounts to ensure that the relevant legal obligations, accounting standards and codes of practice have been followed.

Available-for-Sale Financial Asset A non-derivative financial asset that is not classified as Loans and Receivables.

Bad Debts Debts owed to the Council which are considered not recoverable and are written off.

Balances The amount of money left over at the end of the financial year after allowing for all expenditure and income that has taken place. These are also known as financial reserves. They comprise of the General Fund balance, the Collection Fund balance, the Housing Revenue Account balance and Schools Account balance.

Billing Authority A local authority charged by statute with responsibility for the collection of and accounting for Council Tax and Non-Domestic Rates (NDR) in their area. These are district councils, borough councils and unitary authorities.

Budget A forecast of the Council's planned spending; the level of the Council Tax is set by reference to detailed revenue budgets. Budgets are reviewed during the course of the financial year to take account of pay and price changes and other factors affecting the cost of services.

Capital Adjustment Account An account that reflects the difference between the cost of non-current assets consumed and the capital financing set aside to pay for them.

Capital Expenditure Expenditure on the purchase, construction and enhancement of Council assets such as houses, offices, schools and roads. Expenditure can only be treated as 'capital' if it meets the statutory definitions and is in accordance with accounting practice and regulations.

Capital Financing Requirement (CFR) The CFR is the capital investment funded from borrowing which has yet to be repaid and is the basis for the Minimum Revenue Provision (MRP).

Capital Programme The capital programme is a financial summary of the capital projects that the Council intends to carry out over a specified period of time.

Capital Receipts Monies received from the sale of the Council's assets such as land and buildings. These receipts are used to pay for additional capital expenditure.

Capital Reserves Capital reserves represent resources earmarked to fund capital schemes as part of the Council's capital investment strategy.

Capitalisation Costs are capitalised to the extent that they create or improve any non-current asset with a useful economic life greater than one year.

Cash Equivalents Investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

CIPFA The Chartered Institute of Public Finance and Accountancy is the accountancy body which represents at national level the interests of local government and public service finance. The Institute produces advice, codes of practice and guidance to local authorities.

CIPFA Code of Practice on Local Authority Accounting The Code specifies the principles and practices of accounting to give a "true and fair" view of the financial position and transactions of a local authority.

Community Assets Assets that the Council intends to hold forever, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingent Asset A possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

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

Council Tax A local tax on domestic property set by local authorities in order to meet their budget requirement.

Creditors An amount owed by the Council for work done, goods received or services rendered, but for which payment has not been made at the Balance Sheet date.

Current Asset An asset that is intended to be sold within the normal operating cycle; the asset is held primarily for the purpose of trading or the Council expects to realise the asset within 12 months of the Balance Sheet date.

Current Liability An amount which will become payable or could be called in within one year of the Balance Sheet date; examples are creditors and cash overdrawn.

Debtors Monies due to the Council but not received by the end of the accounting period.

Defined Benefit Pension Scheme A pension scheme in which a pensioner's benefits are specified, usually relating to their length of service, and are independent of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Depreciation The measure of the wearing out, consumption or other reduction in the useful economic life of a non-current asset.

Donated Asset An asset transferred at nil value or acquired at less than fair value.

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.

Employee Benefits All forms of consideration given by the Council in exchange for services rendered by employees.

Exceptional Item An item which derives from events or transactions that falls within the ordinary activities of the Council and which needs to be disclosed separately by virtue of its size or incidence to give fair presentation of the accounts from year to year. Such an item will always be explained in a Note to the Accounts.

Existing Use Value for Social Housing (EUV-SH) A vacant possession valuation of Council dwellings adjusted to reflect the continuing occupation by a secure tenant. A further adjustment is made to reflect the difference between open market rented property and social rented property.

Extraordinary Items Material items that are not within the Council's ordinary activities and are not expected to recur.

Fair Value The price at which a non-current asset could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Finance Lease A finance lease is one that transfers a substantial proportion of the risks and rewards of a non-current asset to the lessee. With a finance lease the present value of the lease payments equates to substantially all of the value placed on the leased asset. Under this type of lease, the organisation paying the lease is treated as if it owns the goods.

Financial Instrument Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

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

Financing Activities Activities that result in changes in the size and composition of the principal received from or repaid to external providers of finance.

Formula Grant Government subsidy to local authorities comprising two elements: Revenue Support Grant and redistributed Non-Domestic Rates.

General Fund The Council's main revenue account that covers the net cost of all services.

Going Concern A concept that defines that the functions of the Council will continue in operational existence for the foreseeable future.

Grants and Contributions Assistance in the form of transfers of resources to a local authority in return for past or future compliance with certain conditions relating to the operation of activities. They exclude those forms of assistance which cannot reasonably have a value placed upon them and transactions with organisations which cannot be distinguished from the normal service transactions of the local authority.

Gross Expenditure The total cost of providing the Council's services before deducting income from Government grants, or fees and charges for services.

Historical Cost The amount originally paid for a non-current asset.

Housing Benefits A national system of financial assistance to individuals whose income falls below prescribed amounts towards meeting certain housing costs. Housing benefits are administered by local authorities and subsidised by Central Government.

Housing Revenue Account (HRA) A statutory account that contains all expenditure and income on the provision of Council housing for rent. The HRA must be kept entirely separate or ring-fenced from the General Fund and the account must balance. Local authorities are not allowed to make up any deficit on the HRA from the General Fund.

Impairment A reduction in value of a fixed asset below its previously assessed value in the Balance Sheet.

Income The gross inflow of economic benefits or service potential during the financial year when those inflows or enhancements of assets or decreases of liabilities result in an increase in reserves. Income includes both revenue arising in the course of ordinary activities and gains such as the revaluation of non-current assets.

Infrastructure Assets Fixed assets that cannot be taken away or transferred, and whose benefit can only be obtained by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Insurance Reserve The Insurance Reserve is used to cover liabilities under policy excesses and to finance any claims for small risks not insured externally. In addition, the Council carries a substantial amount of self insurance financed from this Reserve.

Intangible assets For local authorities, these are purchased rights such as software licences that convey benefits for more than one year.

International Financial Reporting Standards (IFRS) The international accounting standards that govern the treatment and reporting of income and expenditure under which the Council has compiled its financial statements.

International Public Sector Accounting Standards (IPSAS) International Accounting Standards (IAS) adapted to meet public sector requirements.

Investment Property Interest in land and buildings where construction work and development has been completed and the asset is held for its investment potential, any rental income being negotiated at arm's length.

Liability An obligation of the Council arising from past events, the settlement of which is expected to result in an outflow from the Council of resources embodying economic benefits or service potential.

Liquid Resources Current asset investments that are readily disposable by the Council without disrupting its business and are either readily convertible to known amounts of cash or close to the carrying amount or traded in an active market.

Loans and Receivables Financial assets with fixed or determinable payments and are not quoted in an active market.

Major Repairs Reserve (MRR) The Major Repairs Reserve records amounts set aside from the Housing Revenue Account (HRA) which can be used to fund either future capital expenditure or the repayment of borrowing.

Materiality An item is material if its omission, non-disclosure or misstatement in the financial statements could be expected to lead to a distortion of the view given by the financial statements. The Council's materiality level for the accounts is set at £1.8m, which is 1% of its Net Budget Requirement.

Minimum Revenue Provision (MRP) The minimum amount which must be charged to the Revenue Account each year for the repayment of borrowing.

Net Assets The amount by which assets exceed liabilities (same as net worth).

Net Book Value The amount at which fixed assets are included in the Balance Sheet being the historical cost or current value less the cumulative amounts provided for depreciation.

Net Realisable Value The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Net Revenue Expenditure Gross expenditure less fees and charges for services and specific grants but before the deduction of revenue support grants and national business rates.

Net Worth The total funds, balances and reserves (both usable and unusable reserves) held by the Council.

Non-Current Asset An asset that does not meet the definition of a current asset and provides a long term benefit to the Council.

Non-Distributed Costs Overheads from which no current user benefits and which therefore are not charged to services. An example is the extra pension costs caused by early retirement.

Non-Domestic Rates (NDR) A scheme for collecting contributions from businesses towards the cost of local government services. Each business has a rateable value. The Government determines how much a business has to pay per £ of rateable value. The money is collected by the Council who retains an initial 49% of the income, with 1% paid to Bedfordshire Fire and 50% to Central Government.

Non-Operational Assets Tangible non-current assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are under construction or surplus to requirements.

Operating Activities The activities of the Council that are not investing or financing activities.

Operating Leases A lease other than a finance lease. An operating lease is a lease whose term is short compared to the useful life of the asset or piece of equipment being leased. An operating lease is commonly used to acquire equipment on a relatively short-term basis.

Operational Assets Non-current assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

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

Pensions Reserve The Pensions Reserve is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes in accordance with those schemes' requirements and the net change in the Council's recognised liability under International Accounting Standard 19 (IAS), Retirement Benefits, for the same period. A transfer is made to or from the Pensions Reserve to ensure that the charge to the General Fund balance reflects the amount required to be raised in taxation. The Reserve is normally at the same level as the pensions liability carried on the top half of the Balance Sheet.

Pooled budget Partners contribute a set amount of money to form a separate budget. The purpose and scope of the budget is agreed at the outset and then used to pay for relevant services and activities.

Post-Employment Benefits Post employment benefits cover not only pensions but also other benefits payable post employment such as life insurance and medical care.

Post-Balance Sheet Event Events both favourable and unfavourable which occur between the Balance Sheet date and the date on which the Statement of Accounts is authorised for issue.

Precept The charge made by one authority on another to fund its net expenditure.

Prior Period Adjustment A material adjustment applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Private Finance Initiative (PFI) A contract between the Council and a private company where the private sector makes a capital investment in the assets required to deliver improved services, and operates and maintains that property for a specified period of time. The private sector operator is paid for its services over the period of the arrangement, which is typically 25 years.

Property, Plant and Equipment (PPE) Tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services and which are expected to be used for longer than a single financial year.

Provision A charge to the cost of services for liabilities that are known to exist, but that cannot be measured accurately.

Prudence This accounting concept requires that revenue is not anticipated until realisation and can be assessed with reasonable certainty.

Public Works Loan Board (PWLB) This is a central government agency that provides loans to local authorities at a slightly higher interest rate than the Government is able to borrow. The amounts and purposes for which PWLB loans can be obtained are tightly controlled by the Government.

Qualified Valuer A person conducting asset valuations who holds a recognised and relevant professional qualification and has sufficient current local, national knowledge of the particular market, and the skills and understanding to undertake the valuation competently.

Receipt in Advance Receipt that will be matched to expenditure in a future financial year.

Related Party Relationships between a senior officer or elected member or their families with another body that has a business relationship with the Council.

Related Party Transaction A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged.

Reserves The Council's reserves fall into two categories. The 'un earmarked' reserve is the balance on the General Fund. An 'earmarked' reserve is an amount set aside in the Council's accounts for a specific purpose or a particular service, or type of expenditure.

Residual Life The assumed remaining life of a non-current asset used in calculating the depreciation charge.

Residual Value The expected value realisable on sale of an asset at the end of its estimated useful life.

Revenue Contributions to Capital Outlay (RCCO) The use of revenue monies to pay for capital expenditure – also known as Direct Revenue Funding (DRF).

Revenue Expenditure The operating costs incurred by the Council during the financial year in providing its day-to-day services. Examples are salaries, wages, materials, supplies and services.

Revenue Expenditure Funded from Capital under Statute (REFCUS) Legislation allows certain expenditure to be classified as capital for funding purposes but which does not result in a tangible asset being carried on the Council's Balance Sheet. 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. An example is grants given for private property improvements.

Revenue Support Grant (RSG) The main grant payable to support local authorities' revenue expenditure. A local authority's RSG entitlement is intended to make up the difference between expenditure and income from the NDR pool and Council Tax. Revenue Support Grant is distributed as part of the Formula Grant.

Right to Buy The Council is legally required to sell council homes to tenants at a discount, where the tenant wishes to buy their home.

Section 151 Officer A term used to describe the Chief Finance Officer whose responsibilities are set out in the Statement of Responsibilities for the Statement of Accounts.

Service Reporting Code of Practice (SeRCOP) CIPFA's Service expenditure Reporting Code of Practice which provides guidance on financial reporting to stakeholders and establishes 'proper practice' with regard to consistent financial reporting.

Short Term Compensated Absences Short term compensated absences are periods during which an employee does not provide services to the employer, but benefits continue to be paid.

Slippage A delay in the progress of a capital scheme from the start date and payments flow originally allowed for in the Capital Programme.

Stock Inventory The amount of unused or unconsumed stocks held in expectation of future use.

Trust Funds These are set up under a trust deed in which the Council is a trustee, for such purposes as prizes, charities and specific projects. Trust funds are accounted for outside the Council's accounts.

Usable Capital Receipts Reserve Proceeds of non-current assets sales available to meet future capital investment. These capital receipts are held in this reserve until such time they are used to fund capital expenditure.

Useful Life The period which a non-current asset is expected to be available for use by the Council.

Value Added Tax (VAT) An indirect tax levied on most business transactions and on many goods and some services. Input tax is VAT charged on purchases. Output tax is VAT charged on sales.

Whole of Government Accounts (WGA) An HM Treasury scheme to amalgamate the accounts of all UK local authorities and public bodies into a national consolidated set of accounts. Each body has to return a pro forma based on their audited published accounts and identify their major transactions with the other bodies.

Write-offs Income is recorded in the Council's accounts on the basis of amounts due. When money owing to the Council cannot be collected, the income due is either reduced or written off.

CONTACT DETAILS

Contact us...

If you have any questions on these Financial Statements or require further copies, please contact the Council as follows:

For the attention of:

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