



Statement of Accounts

Central Bedfordshire Council
2015/16



CENTRAL BEDFORDSHIRE COUNCIL

STATEMENT OF ACCOUNTS 2015/16

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NARRATIVE REPORT

1. Introduction

Central Bedfordshire Council's financial performance for the year ended 31 March 2016 is as set out in the Comprehensive Income & Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) published by CIPFA in April 2015 and a subsequent Update to the 2015/16 Code published by CIPFA in January 2016. It is the purpose of this report to explain, in an easily understandable way, the financial facts and performance in relation to the Council.

This Statement of Accounts and the supporting notes explain the Council's finances during the financial year 2015/16 and its financial position at the year end. It follows approved accounting standards and is necessarily technical in parts. Comparative numbers are also provided for the financial year 2014/15.

This Narrative Report seeks to clarify the relationship between the Council's financial statements and other financial information the Council reports and explain the more significant features of the accounts. It includes commentary on the major influences affecting the Council's income and expenditure and cash flow, and information on the financial needs and resources of the Council.

2. Group accounts

The Code requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. The Council does not have material interests in any such bodies and accordingly is not required to prepare group financial statements.

3. Major changes in statutory functions

There has been no major change in statutory function during 2015/16.

4. The Council's Five Year Plan 2015-2020

The Council has adopted a Five Year Plan for the period 2015-2020 to deliver a vision of making Central Bedfordshire a great place to live and work. The Council intends to respond to changes in demography and technology whilst accommodating ongoing regulatory change and central government public expenditure plans. Improving the health and happiness of residents and expanding the provision of housing are key aims of the plan. The Five Year plan can be accessed on the Council's upgraded website:

<http://www.centralbedfordshire.gov.uk/council/five-year/plan.aspx>

5. Medium Term Financial Plan 2016-2020

The Council's Medium Term Financial Plan (MTFP) underpins the Five Year Plan, by allocating resources to deliver Council services and strategic outcomes, whilst identifying adjustments to achieve a sustainable financial position over the next four years. The MTFP 2016 – 2020 was updated and approved by Council on 25 February 2016 against a background of the significant challenges of reductions in public sector funding announced in the Chancellor's emergency Budget of July 2015 and ongoing reforms to local government, at a time of subdued economic growth.

Over the six years to March 2016, the Council has generated savings of more than £90M in order to avoid increases in Council Tax whilst protecting front line services. It has achieved this by adopting a whole Council approach to robust budget management, efficiency and ensuring that the Directorate and Service priorities are clearly identified.

The MFTP for 2016-20 identified £15.3M of efficiencies as required to produce a balanced budget for 2016/17 in the light of the ongoing reduction in funding from Government and emerging cost pressures. Prior to the announcement of the Local Government Finance Settlement on 17 December 2015, a further £29.5M of efficiencies had been estimated as required over the three years from April 2017 in order to achieve the proposed MTFP. This position was adversely affected by the Settlement announcement which reduced non ring-fenced government funding support for the Council by 94% or £28.1M in cash terms over the life of the MTFP; with the greatest reductions arising in the early years of the Plan.

The Council maintains a level of general reserves to allow it to withstand any unanticipated financial impacts of future developments at a local and national level. As at 31 March 2016 the General Fund balance stood at £15.5M (£15.2M as at 31 March 2015). Strategic and operational risks facing the Council are identified, reviewed and managed on a continuous basis in line with the Council's Risk Management Strategy.

6. Summary of Income and Expenditure 2015/16

The Statement of Accounts presents all the financial transactions of the Council. The Statements include the recognition of often significant values to record the benefits and costs of changes in assets and liabilities in order to comply with recommended accounting practice and establish an economic cost of services. Statutory provisions require that any potential impact on the Council's General Fund of the entries intended to establish an economic cost of services is neutralised by movements between the General Fund and a number of other reserves; as shown in the Movement in Reserves Statement and detailed in Notes 7, 23 and 24.

The Council's budget monitoring arrangements do not include many of the economic cost transactions, such as the depreciation of non current assets (£24.0M) or certain grant income such as the Dedicated Schools Grant (£83.8M) that is transferred to schools under regulation. The table below summarises the Surplus on the Provision of Services as recorded in the Comprehensive Income and Expenditure Statement CIES, which is the position before the transfers between reserves outlined above. Note 28 to the Statements is a reconciliation of the reported budget outturn position with the Statement of Accounts.

| Central Bedfordshire Council | |
|---|----------------|
| Comprehensive Income and Expenditure | 2015/16 |
| Income | £'000 |
| Specific revenue grants | 208,940 |
| Council Tax | 136,616 |
| Fees, charges and rents | 106,643 |
| RSG (Government Grant) | 30,072 |
| Business rates net of levy and tariff | 28,010 |
| Other non ring-fenced grants | 4,024 |
| Interest income | 357 |
| Capital grants and contributions | 42,543 |
| | 557,205 |
| Expenditure | |
| Employee expenses | 160,170 |
| Other service expenses | 330,938 |
| Depreciation, amortisation and impairment | 24,410 |
| Interest payments | 10,773 |
| Pension interest | 12,194 |
| Precepts & levies | 10,823 |
| Payments to Housing Capital Receipts Pool | 529 |
| Loss on disposal of non-current assets | 3,108 |
| | 552,945 |
| Surplus on the Provision of Services | 4,260 |

7. Financial Performance – Revenue Budget

The net revenue budget for 2015/16 was set by the Council at £186.5M (£186.0M in 2014/15). The 31 March 2016 net revenue outturn reported to the Executive Committee meeting of 7 June 2016, after movements in earmarked reserves, was £0.051M below budget (£0.066M below budget in 2014/15). Following completion of the unaudited financial statements an additional £0.298M was transferred to the General Fund balance. The outturn position reported to the Executive Committee is reconciled to the accounting statements in Note 28 Amounts Reported for Resource Allocation Decisions and summarised by Directorate in the table below.

| | Children's Services | Improvement and Corporate Services | Social Care, Health, Housing and Public Health | Regeneration and Community Services | Corporate Resources and Corporate Costs | Total |
|--|------------------------|--|--|---|---|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 2015/16 | | | | | | |
| Directorate net budget | 36,734 | 15,874 | 64,600 | 53,562 | 15,740 | 186,510 |
| Directorate expenditure: | | | | | | |
| Employee costs | 19,656 | 13,222 | 21,287 | 20,957 | 6,405 | 81,527 |
| Other service expenses | 46,572 | 9,352 | 89,020 | 54,628 | 81,074 | 280,647 |
| Total expenditure | 66,228 | 22,575 | 110,307 | 75,585 | 87,479 | 362,174 |
| Directorate income: | | | | | | |
| Fees, charges and other service income | (28,847) | (6,472) | (43,910) | (23,870) | (76,374) | (179,474) |
| Net costs | 37,382 | 16,102 | 66,397 | 51,715 | 11,105 | 182,701 |
| Transfers to / (from) reserves | 248 | (465) | (1561) | 133 | 5,403 | 3,758 |
| Actual after reserve transfers | 37,630 | 15,637 | 64,836 | 51,848 | 16,508 | 186,459 |
| Surplus reported to management | | | | | | (51) |

8. Financial Performance – Capital Programme

The Council's Capital programme sets out expenditure plans for acquiring, constructing and improving buildings, roads and equipment that are used in delivering services. The Council derives benefit from such capital expenditure over many years. Capital expenditure on capital assets amounted to £84.2M in the year ended 31 March 2016.

The Capital programme also includes £27.5M of grants and other expenditure on projects that are capital in nature but do not create an asset to be recognised on the Council's Balance Sheet. The Council has authority under statute to finance such revenue expenditure from capital resources.

In 2015/16 the total Council capital programme expenditure was £109.4M, which was £50.7M less than the budget. The majority of the programme variance (£46.1M) related to various scheme delays where expenditure will be incurred in 2016/17 and future years. Additional expenditure of £2.3M was funded by contributions made by developers under section 106 of the Town and Country Planning Act. The Council did not spend the full budget allocation in 2015/16 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.

The Council continues to invest in service improvements and during 2015/16 significant projects included expenditure on a replacement leisure centre in Flitwick, new independent living housing developments in Dunstable and Houghton Regis, enhancement to waste disposal facilities and redevelopment of a medical centre in Biggleswade. Investment in the highway network is a key Council priority and the most significant project is the new Woodside Link road which will connect the industrial areas of Dunstable and Houghton Regis to the strategic road network.

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 £82.9M, with the balance of £28.9M met from borrowing finance. Where Council cash resources are required for funding, internal borrowing has been utilised to the full extent and external borrowing used thereafter.

| Capital Financing | 2014/15 | 2015/16 |
|---|------------------|------------------|
| | £'000 | £'000 |
| Capital investment: | | |
| Property, plant and equipment | 71,173 | 83,930 |
| Investment properties | 335 | 0 |
| Intangible assets | 784 | 315 |
| Revenue funded from capital under statute | 32,241 | 27,506 |
| | 104,533 | 111,751 |
| Sources of finance: | | |
| Capital receipts | (1,636) | (5,081) |
| Government grants and other contributions | (52,415) | (52,863) |
| Major Repairs Allowance (HRA) | (3,597) | (3,946) |
| Direct Revenue contributions | | |
| <i>General Fund</i> | (1,802) | (2,413) |
| <i>HRA</i> | (9,098) | (9,690) |
| Minimum Revenue Provision (MRP) | (6,698) | (8,332) |
| PFI principal paid | (552) | (535) |
| Borrowing requirement | (28,735) | (28,891) |
| | (104,533) | (111,751) |

9. Material assets acquired or liabilities incurred

The capital programme expenditure is summarised in section 8 of this Narrative Report and includes material expenditure on new school places (£28.5M) to accommodate future growth in pupil numbers. No material liabilities were incurred during 2015/16.

10. Material and unusual charges or credits

Academy Transfers

The Lancot Lower School converted to an Academy in 2015/16 and this resulted in a transfer of Property, Plant and Equipment non current assets valued at £5.9M for no consideration from the Council's Balance Sheet.

Net Pension Liability

The Council's net pension liability has decreased by £60.5M (increase of £72.5M in 2014/15), which is a material movement within the 2015/16 Statement of Accounts. The liability changes significantly with the volatility in investment markets for fixed interest securities. Further details can be found in Note 43 Defined Benefit Pension Schemes of the Notes to the Core Financial Statements and the liability is commented on in section 11 below.

Investment Property Reclassified

An accounting review of the assets previously classified as Investment Property was carried out in 2015/16. In prior years these assets had been classified as Investment Property on the basis that they generate rental income for the Council. The public sector accounting definition of Investment Property applies to assets that are used solely to earn rentals or for capital appreciation or both.

The review established that in each and every instance these assets contribute to the delivery of service objectives, such as the provision of local employment, community amenities and economic regeneration, as well as to earn rentals or for capital appreciation. Given that the properties do not meet the definition of an Investment Property under International Public Sector Accounting Standards (IPSAS) 16, they have been reclassified as Property, Plant and Equipment. The value reclassified from Investment properties to Property Plant and Equipment was £85.2M. No prior period adjustment has been made as the change in classification is not considered to be a material error that would mislead any users of the Statements.

Better Care Fund

The Better Care Fund (BCF) was established by the Government from 1 April 2015 to provide funds to local areas to support the integration of health and social care. Under a framework partnership arrangement between Central Bedfordshire Council (the “host”) and NHS Bedfordshire Clinical Commissioning Group, a pooled fund has been set up in 2015/16 for this purpose. Aside from the integrated equipment store arrangements which are hosted by the Council, the terms of the Section 75 agreement means that contracts are stand-alone with the financial risk being retained by the lead body. The arrangement with expenditure of £18.2M has been accounted for as a pooled budget arrangement and is set out at Note 30.

11. 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 decreased over the year. At 31 March 2016 the Council’s net liability reported by the Actuary to the LGPS was £319.1M (£379.6M in 2014/15). The fair value of LGPS assets increased over the year to £428.5M (£422.7M in 2014/15) and the value of the obligations to pay pension liabilities decreased to £747.7M

(£802.3M in 2014/15). The decrease in liabilities mainly reflects a higher discount rate applied to the future estimated pension liabilities.

The net pension liability of £319.1M 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 as a whole and 65.7% for this Council.

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

12. Treasury Management and Borrowing

The Council's treasury management and capital financing strategy is to defer borrowing wherever possible and maintain cash balances sufficient only for operational purposes. The value of the Council's cash and cash equivalents at 31 March was £0.409M (£1.799M 31 March 2015), any new borrowing requirements are met from short term temporary loans from other local authorities. The strategy has minimised the level of deposits with financial institutions and borrowing costs. The credit risk of banking failures is still present and diversification of investments between creditworthy counterparties is now increasingly important to mitigate investment risk where shareholders, bond holders and unsecured creditors are 'bailed in' to participate in any recovery process.

In the wider economy, the Bank of England has continued to maintain low interest rates and despite signs of a recovering economy with jobs growth, the Bank is not expected to raise rates until 2018 at the earliest.

Within the Treasury Management Strategy, the Council approved an authorised borrowing limit for 2015/16 of £533.4M (£498.3M in 2014/15). At the 31 March 2016 the Council had accessed £16.0M (£4.6M at 31 March 2015) of additional short term borrowing from the local authority market to fund expenditure on the capital programme, and £9.4M (£16.4M 2014/15) debt from the same source to repay maturing loans from the Public Works Loan Board.

At the end of the financial year, the Council had outstanding external borrowing in place of £338.1M (£312.6M 2014/15) in respect of the funding of the capital programme and social housing.

13. Significant provisions or contingencies and material write-offs

There was £5.7M of provisions as at 31 March 2016 (£5.7m as at 31 March 2015) the most significant being in respect of self insurance arrangements. The Insurance Provision, that includes some liabilities in respect of the former Bedfordshire County Council managed on behalf of the Council and Bedford Borough Council, stood at £2.3M as at 31 March 2016 (£2.4m as at 31 March 2015).

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

14. Material events after the reporting date

The Statement of Accounts were authorised for issue by the Chief Finance Officer (Section 151 Officer) on 28 June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The result of the 23 June 2016 UK referendum on membership of the EU was a vote for the UK to leave the European Union. The UK remains a full member of the European Union until the exit process is concluded. The Council plans to identify and respond to the opportunities and risks arising from the change in the UK's relationship with the EU. No reliable estimate of potential favourable or unfavourable financial effects on the Council can be made at this point in time and the result of the referendum is disclosed as a non-adjusting post Balance Sheet event.

15. Significant changes in accounting policies

There were no material changes in accounting policies during 2015/16.

In 2016/17, the CIPFA Accounting Code of Practice will adopt the Highways Network Asset Code, resulting in a change to the measurement basis for the Council's highways related assets. The new Highways Network Asset will be valued at depreciated replacement cost, replacing the depreciated historic cost value that is currently disclosed. The new valuation approach will significantly increase the value of the Council's Balance Sheet from 1 April 2016.

16. Explanation of the Main Statements in the Accounts

The Movement in Reserves Statement

This Statement, as set out on page 16, shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e.

those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are 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 before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Comprehensive Income and Expenditure Statement (CIES)

This statement, as set out on page 18, 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.

The Balance Sheet

The Balance Sheet, as set out on page 19, shows the value as at the Balance Sheet date of the Council's assets and liabilities. 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 to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement

The Cash Flow Statement, as set out on page 20, shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing

activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Council.

Charles Warboys
Chief Finance Officer & Section 151 Officer

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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 2015/16 (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 2016 and its income and expenditure for the year ended 31 March 2016.



Councillor Mike Blair – Chair of Audit Committee



Charles Warboys - Chief Finance Officer & section151 Officer

26 September 2016

Core Financial Statements 2015/16

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 2015/16 | 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 2015 | (15,167) | (31,561) | (2,000) | (18,357) | (200) | (3,451) | (13,580) | (11,689) | (96,005) |
| Movement in Reserves during 2015/16: | | | | | | | | | |
| (Surplus) / deficit on Provision of Services | 29,437 | 0 | (33,697) | 0 | 0 | 0 | 0 | 0 | (4,260) |
| Other Comprehensive Income and Expenditure | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Comprehensive Income and Expenditure | 29,437 | 0 | (33,697) | 0 | 0 | 0 | 0 | 0 | (4,260) |
| Adjustments between accounting basis and funding basis under regulations (Note 7) | (30,930) | 0 | 34,801 | 0 | 0 | 455 | 10,320 | 0 | 14,646 |
| Net (increase) / decrease before transfers to Earmarked Reserves | (1,493) | 0 | 1,104 | 0 | 0 | 455 | 10,320 | 0 | 10,386 |
| Transfers (to) / from Earmarked Reserves (Note 8) | 1,144 | 83 | (1,104) | 1,104 | 0 | 0 | 0 | (1,227) | 0 |
| (Increase) / decrease in year | (349) | 83 | 0 | 1,104 | 0 | 455 | 10,320 | (1,227) | 10,386 |
| Balance at 31 March 2016 | (15,516) | (31,478) | (2,000) | (17,253) | (200) | (2,996) | (3,260) | (12,916) | (85,619) |

| Unusable Reserves 2015/16 | 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 2015 | (91,966) | (4) | 379,640 | (534,881) | 1,601 | (956) | 2,472 | (244,094) | (340,099) |
| Other Comprehensive I & E | (78,712) | (146) | (74,176) | 0 | 0 | 0 | 0 | (153,034) | (157,294) |
| Adjustments between accounting basis and funding basis under regulations (Note 7) | (9,898) | 0 | 15,098 | (15,909) | (1,649) | (1,824) | (464) | (14,646) | 0 |
| (Increase)/Decrease in year | (88,610) | (146) | (59,078) | (15,909) | (1,649) | (1,824) | (464) | (167,680) | 157,294 |
| Balance at 31st March 2016 | (180,576) | (150) | 320,562 | (550,790) | (48) | (2,780) | 2,008 | (411,774) | (497,393) |

| Usable Reserves 2014/15 | 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 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 & 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) | (31,561) | (2,000) | (18,357) | (200) | (3,451) | (13,580) | (11,689) | (96,005) |

| Unusable Reserves 2014/15 | 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 2014 | (59,300) | 148 | 307,141 | (493,035) | 0 | 1,717 | 2,653 | 2,942 | (237,734) | (340,826) |
| Other Comprehensive I&E | (37,880) | (152) | 60,761 | 0 | 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) | 0 | (116) | (3,609) | (470) | (29,089) | 0 |
| (Increase)/Decrease in year | (32,666) | (152) | 72,499 | (41,845) | 0 | (116) | (3,609) | (470) | (6,360) | 726 |
| Balance at 31st March 2015 | (91,966) | (4) | 379,640 | (534,881) | 0 | 1,601 | (956) | 2,472 | (244,094) | (340,099) |

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.

| 2014/15 | | | 2015/16 | | | |
|----------------------------|-----------------------|--------------------------|---|----------------------------|-----------------------|--------------------------|
| Gross Expenditure £'000 | Gross Income £'000 | Net Expenditure £'000 | | Gross Expenditure £'000 | Gross Income £'000 | Net Expenditure £'000 |
| 4,317 | (2,659) | 1,658 | Central services to the public | 5,147 | (5,264) | (117) |
| 12,673 | (1,269) | 11,405 | Cultural and related services | 10,263 | (1,330) | 8,933 |
| 25,829 | (3,636) | 22,193 | Environmental and regulatory services | 45,493 | (2,440) | 43,053 |
| 20,314 | (5,015) | 15,299 | Planning services | 18,075 | (8,021) | 10,054 |
| 210,406 | (142,497) | 67,908 | Children's and education services | 221,145 | (146,557) | 74,588 |
| 28,695 | (4,723) | 23,972 | Highways and transport services | 24,847 | (2,252) | 22,595 |
| (3,534) | (28,335) | (31,866) | Local authority housing (HRA) | (7,659) | (28,727) | (36,386) |
| 70,176 | (66,041) | 4,135 | Other housing services | 70,652 | (65,514) | 5,138 |
| 99,775 | (25,430) | 74,345 | Adult social care | 100,667 | (26,418) | 74,249 |
| 14,606 | (14,508) | 98 | Public Health | 16,478 | (15,855) | 623 |
| 3,746 | (6,078) | (2,332) | Corporate and democratic core | 3,723 | (9,152) | (5,429) |
| 2,400 | (36) | 2,365 | Non-distributed costs | 2,664 | (59) | 2,605 |
| 489,403 | (300,227) | 189,177 | Cost of Services | 511,495 | (311,589) | 199,906 |
| | | | | | Note | |
| | | 10,852 | Other operating expenditure | | 9 | 14,460 |
| | | 19,476 | Financing and investment income and expenditure | | 10 | 22,639 |
| | | (241,512) | Taxation and non-specific grant income and expenditure | | 11 | (241,265) |
| | | (22,004) | (Surplus) / deficit on the Provision of Services | | | (4,260) |
| | | | Items that will not be reclassified to the (Surplus) / deficit on the Provision of Services: | | | |
| | | (41,765) | (Surplus) / deficit on revaluation of Property, Plant and Equipment assets | | 24a | (88,664) |
| | | 3,885 | Impairment losses on non-current assets charged to the Revaluation Reserve | | 24a | 9,952 |
| | | 60,761 | Remeasurement of the net defined benefit liability / (asset) | | 43 | (74,176) |
| | | (152) | (Surplus) / deficit on revaluation of available for sale financial assets | | 24b | (146) |
| | | 22,730 | Other comprehensive income and expenditure | | | (153,034) |
| | | 726 | Total Comprehensive Income and Expenditure - (Surplus) / Deficit | | | (157,294) |

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 to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

| 31 March 2015 £'000 | Note | 31 March 2016 | |
|------------------------------------|--|----------------------|------------------|
| | | £'000 | £'000 |
| 974,623 | Property, plant & equipment | 12 | 1,193,334 |
| 85,150 | Investment property | 14 | 0 |
| 8,821 | Intangible assets | 15 | 8,670 |
| 5,004 | Long-term investments | 16 | 5,150 |
| 564 | Long-term debtors | 16 | 549 |
| 1,074,162 | Long-term assets | | 1,207,703 |
| 568 | Short-term investments | 16 | 564 |
| 173 | Assets held for sale | 20 | 173 |
| 0 | Inventories | 17 | 98 |
| 47,997 | Short-term debtors | 18 | 54,700 |
| 1,799 | Cash and cash equivalents | 19 | 409 |
| 50,537 | Current assets | | 55,944 |
| (31,603) | Short-term borrowing | 16 | (63,683) |
| 0 | Private Finance Initiative – short-term * | 39 | (481) |
| (43,977) | Short-term creditors ** | 21 | (47,590) |
| (5,703) | Provisions | 22 | (5,677) |
| (2,472) | Provisions – accumulated absences ** | 24g | 0 |
| (83,756) | Current liabilities | | (117,431) |
| (280,632) | Long-term borrowing | 16 | (274,146) |
| (16,268) | Private Finance Initiative – long-term | 39 | (15,252) |
| (379,640) | Net liability related to defined benefit pension schemes | 43 | (320,562) |
| (24,304) | Grants receipts in advance – Capital *** | 35 | (38,863) |
| (700,844) | Long-term liabilities | | (648,823) |
| 340,099 | Net assets | | 497,393 |
| (96,005) | Usable reserves | 23 | (85,619) |
| (244,094) | Unusable reserves | 24 | (411,774) |
| (340,099) | Total reserves | | (497,393) |

* PFI liability payable within 12 months of 31 March 2016 shown under current liabilities 2015/16.

** Includes Accumulated absences in 2015/16. *** Includes Sections 106 and 278 contributions. Other capital grant receipts in advance are treated as current liabilities in 2015/16

These financial statements replace the unaudited financial statements approved at the meeting of the Audit Committee on 28 June 2016.

Authorised for issue 26 September 2016

C Warboys
Chief Finance Officer

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.

| 2014/15 | | Note | 2015/16 |
|-----------------|---|-------------|----------------|
| £'000 | | | £'000 |
| 22,004 | Net surplus on the Provision of Services | 25 | 4,260 |
| 10,636 | Adjustments to net surplus on the provision of services for non-cash movements | 25 | 45,959 |
| (31,892) | Adjustment for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities | 25 | (37,116) |
| 748 | Net cash inflows from operating activities | 25 | 13,103 |
| (23,799) | Investing activities | 26 | (37,516) |
| 5,767 | Financing activities | 27 | 23,023 |
| (17,284) | Net increase / (decrease) in cash and cash equivalents | | (1,389) |
| 19,083 | Cash and Cash Equivalents at 1 April | | 1,799 |
| 1,799 | Cash and Cash Equivalents at 31 March | 19 | 409 |

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1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice (SeRCOP) 2015/16, 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 by Council annually as part of the Treasury Management Strategy Statement (TMSS).

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 Local Government Pensions Scheme, administered by Bedford Borough Council;
- 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.

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 2013 and subsequent amendments 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 pensions 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 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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are 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 2015/16* (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 – current value, determined using the basis of existing use value for social housing (EUV-SH);
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. 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 – straight-line allocation over the useful life of the asset, 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 of the asset value, the components will be depreciated separately where the useful life is substantially different and the calculated depreciation can also be shown to be significantly different.

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 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. The Council has a schools PFI contract and is deemed to control the services that are provided under this arrangement. However, the assets used to provide services at the schools are not recognised on the Council's Balance Sheet, given that the schools have converted to Academy status and the assets were written out of the Council's asset register at the point of transfer. Ownership of the property,

plant and equipment will pass to the Academies at the end of the contracts for no additional charge.

The outstanding PFI liability for amounts due to the scheme operator to pay for the capital investment is held on the Council's Balance Sheet and is split in accordance with its current and long-term liabilities elements.

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;
- life-cycle replacement costs – 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).

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 and 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 and Expenditure Statement in the line Taxation and 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 2016/17 CIPFA Code of Practice but not by the 2015/16 Code. The Council will therefore adopt these changes from 1 April 2016. 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 revaluing 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 approximately £3bn.

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 2015/16 ("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 2016 has a statutory obligation to oversee 87 maintained schools within the area only the non-current assets of 55 Community Schools are recognised on the Council's Balance Sheet at 31 March 2016.

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 32 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 31/3/16 | 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 | 5 | 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 | 89 | |

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 £250K, the asset is not split as any effect on depreciation is immaterial to the financial statements. Where a financially material item of Property, Plant and Equipment over £1.0m in value has major components over £250K of the asset value, the components will be depreciated separately where the useful life is substantially different and the calculated depreciation can also be shown to be significantly different.

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.

Better Care Fund

Effective since April 2015, the Better Care Fund (BCF) was established by the Government to provide funds to local areas to support the integration of health and social care. Under a framework partnership arrangement between Central Bedfordshire Council (the "host") and NHS Bedfordshire Clinical Commissioning Group, a pooled fund has been set up in 2015/16 for this purpose. Aside from the integrated equipment store arrangements which are hosted by the Council, the terms of the Section 75 agreement means that contracts are stand-alone with the financial risk being retained by the lead body.

The BCF is not a separate legal entity and has been accounted for as a pooled budget arrangement (see Note 30), since it is not an entity, joint operation or joint venture. It should be noted that neither party has unilateral control of the BCF, as decisions of the Board need to be made unanimously.

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 £0.8m. |
| 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 £3.2M 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. |
|----------------------------------|---|--|

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 | 2014/15 £'000 | 2015/16 £'000 |
|--|---|------------------|------------------|
| Comprehensive Income & Expenditure Statement – Other Operating Expenditure Disposals of Non-Current Assets | Schools Converting to Academy or University Technology College status | 0 | 5,883 |

Lancot Lower School converted to an Academy in 2015/16 which resulted in a transfer of Property, Plant and Equipment non current assets valued at £5.9M from the Council's Balance Sheet.

6. Events after the Balance Sheet Date

The Statement of Accounts were authorised for issue by the Chief Finance Officer (Section 151 Officer) on 28 June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The result of the 23 June 2016 UK referendum on membership of the EU was a vote for the UK to leave the European Union. The UK remains a full member of the European Union until the exit process is concluded. The Council plans to identify and respond to the opportunities and risks arising from the change in the UK's relationship with the EU. No reliable estimate of potential favourable or unfavourable financial effects on the Council can be made at this point in time and the result of the referendum is disclosed as a non-adjusting post Balance Sheet event.

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

| 2015/16 | General Fund Balance £'000 | HRA Balance £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied £'000 | Major Repairs Reserve £'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 | (20,004) | (3,946) | - | - | - | 23,950 |
| Revaluation gains / (losses) on Property, Plant and Equipment | (20,790) | 23,921 | - | - | - | (3,131) |
| Amortisation of Intangible Assets | (466) | - | - | - | - | 466 |
| Capital grants and contributions applied | 41,072 | 851 | - | - | - | (41,923) |
| Revenue expenditure funded from capital under statute | (27,506) | - | - | - | - | 27,506 |
| 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 | (5,882) | (2,381) | - | - | - | 8,263 |
| Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement: | | | | | | |
| Statutory provision for the financing of capital investment (MRP) | 8,867 | - | - | - | - | (8,867) |
| Capital expenditure charged against the General Fund and HRA balances | 2,413 | 9,690 | - | - | - | (12,103) |
| Adjustments primarily involving the Capital Grants Unapplied Account: | | | | | | |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement | 620 | - | - | 10,320 | - | (10,940) |
| 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 | 1,981 | 3,174 | (5,155) | - | - | 0 |
| Use of the Capital Receipts Reserve to finance new capital expenditure | - | - | 5,081 | - | - | (5,081) |
| Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool | (529) | - | 529 | - | - | 0 |
| Adjustments primarily involving the Major Repairs Reserve: | | | | | | |
| Posting of HRA resource from revenue to the Major Repairs Reserve | - | 3,946 | - | - | (3,946) | 0 |
| Use of the Major Repairs Reserve to finance new capital expenditure | - | - | - | - | 3,946 | (3,946) |
| 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 | 1,649 | - | - | - | - | (1,649) |

| | | | | | | |
|---|-----------------------------|--------------------|--------------------------------|---------------------------------|------------------------------|-----------------------------------|
| Adjustments primarily involving the Pensions Reserve: | | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | (33,610) | (1,038) | - | - | - | 34,648 |
| Employer's pensions contributions and direct payments to pensioners paid in year | 18,968 | 583 | - | - | - | (19,551) |
| 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 | 3,050 | - | - | - | - | (3,050) |
| 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 | (1,226) | - | - | - | - | 1,226 |
| 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 | 464 | - | - | - | - | (464) |
| Total Adjustments 2015/16 | (30,929) | 34,800 | 455 | 10,320 | 0 | (14,646) |
| 2014/15 | General Fund Balance | HRA Balance | Capital Receipt Reserve | Capital Grants Unapplied | Major Repairs Reserve | Movement Unusable Reserves |
| | £'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 | (18,899) | (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 |
| Adjustment 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 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 | (28,090) | (1,435) | - | - | - | 29,525 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 16,948 | 839 | - | - | - | (17,787) |
| 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 | 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 | - | - | - | - | (882) |
| 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 |

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 2015/16.

| | Balance 31/03/2014 £'000 | Transfers In 14/15 £'000 | Transfers Out 14/15 £'000 | Balance 31/03/2015 £'000 | Transfers In 15/16 £'000 | Transfers Out 15/16 £'000 | Balance 31/03/2016 £'000 |
|--|--------------------------------|-----------------------------------|------------------------------------|--------------------------------|-----------------------------------|------------------------------------|--------------------------------|
| Corporate: | | | | | | | |
| Redundancy Reserve | | | | | | | |
| To cover future redundancy and related pension costs | 2,415 | 0 | (927) | 1,488 | 500 | (1,328) | 660 |
| Insurance Reserve | | | | | | | |
| To cover insurance costs based on actuarial assessments | 4,404 | 651 | (775) | 4,280 | 294 | (520) | 4,054 |
| Other Corporate Reserves | | | | | | | |
| Various reserves to develop the Council's business processes and ICT. | 4,498 | 5,299 | (773) | 9,024 | 8,672 | (5,051) | 12,643 |
| Total Corporate Reserves | 11,317 | 5,950 | (2,475) | 14,792 | 9,466 | (6,899) | 17,357 |
| Community Services: | | | | | | | |
| Environmental Reserves | | | | | | | |
| Reserves to support open space development, waste management and community safety. | 3,359 | 1,596 | (963) | 3,992 | 1,278 | (458) | 4,812 |
| Total Community Services Reserves | 3,359 | 1,596 | (963) | 3,992 | 1,278 | (458) | 4,812 |

| | | | | | | | |
|--|---------------|---------------|----------------|---------------|---------------|-----------------|---------------|
| Children's Services: | | | | | | | |
| School Specific Contingency | | | | | | | |
| Ring-fenced Dedicated Schools Grant funding | 3,067 | 3,393 | (2,380) | 4,080 | 2,267 | (3,237) | 3,110 |
| Other Children's Services | | | | | | | |
| Reserves to support Children's Services | 2,398 | 439 | (966) | 1,871 | 15 | (1,008) | 878 |
| Total Children's Services Reserves | 5,465 | 3,832 | (3,346) | 5,951 | 2,282 | (4,245) | 3,988 |
| Social Care, Health, Housing and Public Health Reserves: | | | | | | | |
| Outcome-based Commissioning | | | | | | | |
| Project costs associated with efficiencies and service development. | 3,505 | 0 | (266) | 3,239 | 0 | (753) | 2,486 |
| Social Care, Health and Housing Reserves | | | | | | | |
| Includes grant funding carried forward and funds set aside to fund Social Care initiatives | 3,187 | 219 | (1,313) | 2,093 | 113 | (917) | 1,289 |
| Public Health Reserves | | | | | | | |
| Underspend of grant funding carried forward | 927 | 569 | 0 | 1,496 | 50 | 0 | 1,546 |
| Total Social Care, Health, Housing and Public Health | 7,619 | 788 | (1,579) | 6,828 | 163 | (1,670) | 5,321 |
| Total General Fund Earmarked Reserves | 27,760 | 12,166 | (8,363) | 31,561 | 13,189 | (13,272) | 31,478 |
| Housing Revenue Account (HRA) | | | | | | | |
| Independent Living Development Reserve | 12,116 | 0 | (154) | 11,962 | 4,116 | (7,074) | 9,004 |
| Strategic Reserve | 6,394 | 0 | 0 | 6,394 | 3,372 | (1,517) | 8,249 |
| Total HRA Earmarked Reserves | 18,510 | 0 | (154) | 18,356 | 7,488 | (8,591) | 17,253 |

9. Other Operating Expenditure

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Parish council precepts | 9,806 | 10,154 |
| Drainage Levies | 675 | 669 |
| Payments to the Government Housing Capital Receipts Pool | 456 | 529 |
| (Gains) / losses on the disposal of non-current assets | (94) | 3,108 |
| Trading accounts * | 10 | 0 |
| Total | 10,852 | 14,460 |

* Trading accounts line included in Note 10 Financing and Investment Income and Expenditure effective from 2015/16 in line with recommended practice.

10. Financing and Investment Income and Expenditure

| | 2014/15 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Interest payable and similar charges | 10,870 | 10,773 |
| Net interest on the net defined benefit liability (asset) | 13,163 | 12,194 |
| Interest receivable and similar income | (544) | (357) |
| Income and expenditure in relation to investment properties and changes in their fair value * | (4,013) | 0 |
| Trading accounts ** | 0 | 29 |
| Total | 19,476 | 22,639 |

* All Assets previously classified as Investment Property reclassified as Property, Plant and Equipment for 2015/16.

** Trading accounts disclosed in Note 9 Other Operating Expenditure in previous year.

11. Taxation and Non-Specific Grant Income and Expenditure

| | 2014/15 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Council Tax income | (132,171) | (136,616) |
| Non-Domestic Rates (NDR) | (37,910) | (37,466) |
| NDR Tariff Payment to Central Government | 9,170 | 9,345 |
| NDR Levy Payment to Central Government | 329 | 111 |
| NDR Section 31 Grant Income | (2,003) | (2,683) |
| Revenue Support Grant (RSG) | (36,992) | (30,072) |
| Recognised capital grants and contributions | (40,637) | (42,543) |
| Council Tax Freeze Grant | (1,298) | (1,341) |
| Total | (241,512) | (241,265) |

12. Property, Plant and Equipment – movements on balances

| 2015/16 | 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 |
| Cost or Valuation: | | | | | | | | | | |
| Balance as at 1 April 2015 | 358,508 | 4,625 | 361,321 | 24,803 | 1,538 | 286,177 | 2,575 | 181 | 28,071 | 1,067,799 |
| Additions (Note 37) | 15,960 | 110 | 26,653 | 5,534 | 0 | 21,018 | 108 | 0 | 14,547 | 83,930 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 22,094 | 892 | 55,900 | 0 | 0 | 0 | 0 | (28) | (143) | 78,715 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | 23,926 | (6) | (18,934) | 0 | 0 | 0 | (5) | (1,824) | 0 | 3,157 |
| De-recognition – Disposals | (2,381) | 0 | (5,923) | (59) | 0 | 0 | 0 | 0 | 0 | (8,363) |
| Reclassifications and Transfers | 1,450 | 50 | 82,811 | 571 | 0 | 0 | 0 | 6,983 | (6,748) | 85,117 |
| Other movements in cost or valuation | (3,865) | (127) | (5,578) | 0 | 0 | 0 | 0 | (591) | 0 | (10,161) |
| Balance as at 31 March 2016 | 415,692 | 5,544 | 496,250 | 30,849 | 1,538 | 307,195 | 2,678 | 4,721 | 35,727 | 1,300,194 |
| Accumulated Depreciation and Impairment: | | | | | | | | | | |
| Balance as at 1 April 2015 | (13) | (53) | (14,457) | (16,004) | (1,314) | (61,332) | (3) | 1 | 0 | (93,176) |
| Depreciation charge | (3,864) | (82) | (8,362) | (1,198) | (224) | (10,220) | 0 | (2) | 0 | (23,951) |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 3,865 | 127 | 5,578 | 0 | 0 | 0 | 0 | 591 | 0 | 10,161 |
| De-recognition – Disposals | 1 | 0 | 112 | 58 | 0 | 0 | 0 | 0 | 0 | 171 |
| Reclassifications and Transfers | 0 | 0 | 352 | 0 | 0 | 0 | 0 | (418) | 0 | (66) |
| Balance as at 31 March 2016 | (11) | (8) | (16,777) | (17,143) | (1,538) | (71,552) | (3) | 172 | 0 | (106,861) |
| Net book value: | | | | | | | | | | |
| Balance as at 31 March 2015 | 358,495 | 4,572 | 346,864 | 8,798 | 224 | 224,845 | 2,572 | 182 | 28,071 | 974,623 |
| Balance as at 31 March 2016 | 415,681 | 65,536 | 479,473 | 13,705 | 0 | 235,643 | 2,675 | 4,893 | 35,727 | 1,193,333 |

| 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 |
| Cost or Valuation: | | | | | | | | | | |
| Balance as at 1 April 2014 | 324,659 | 4,458 | 323,852 | 20,352 | 1,538 | 259,062 | 2,553 | 386 | 30,906 | 967,766 |
| Additions (Note 37) | 14,502 | 15 | 17,257 | 3,258 | 0 | 20,050 | 636 | 0 | 15,454 | 71,172 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 5,694 | 237 | 30,924 | 0 | 0 | 0 | 81 | 50 | 762 | 37,748 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the 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 Other Land & Buildings | 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) |
| Balance as at 31 March 2015 | 358,508 | 4,625 | 361,321 | 24,803 | 1,538 | 286,177 | 2,575 | 181 | 28,071 | 1,067,799 |
| Accumulated Depreciation and Impairment: | | | | | | | | | | |
| Balance as at 1 April 2014 | (9) | (88) | (23,251) | (14,630) | (1,089) | (52,160) | (3) | (53) | 0 | (91,282) |
| Reclassifications following reconciliation | | | | | | | | | | |
| Depreciation charge | (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 Held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 46 | 0 | 46 |
| Assets reclassified (to)/from Council Dwellings | 0 | 0 | 2,461 | 0 | 0 | 0 | 0 | 0 | (2,461) | 0 |
| Balance as at 31 March 2015 | (13) | (53) | (14,457) | (16,005) | (1,314) | (61,332) | (3) | 1 | 0 | (93,175) |
| Net book value: | | | | | | | | | | |
| Balance as at 31 March 2014 | 324,650 | 4,370 | 300,601 | 5,722 | 449 | 206,902 | 2,550 | 333 | 30,906 | 876,483 |
| Balance as at 31 March 2015 | 358,495 | 4,572 | 346,864 | 8,798 | 224 | 224,845 | 2,572 | 182 | 28,071 | 974,623 |

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 2016, the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2015/16 and future years, budgeted to cost £26.3M. Similar capital commitments as at 31 March 2015 were £18.9m. The major commitments are:

- Woodside Link highways improvement scheme - £14.7M
- Schools expansion - £11.6M

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 2016. 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.

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:

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Rental income from investment property | (2,304) | 0 |
| Direct operating expenses arising from investment property | 612 | 0 |
| Net gain | (1,692) | 0 |

An accounting review of the assets previously classified as Investment Property was carried out in 2015/16. In prior years these assets had been classified as Investment Property on the basis that they generate rental income for the Council. The public sector accounting definition of Investment Property applies to assets that are used solely to earn rentals or for capital appreciation or both. The review established that in each and every instance these assets contribute to the delivery of service objectives, such as the provision of local employment, community amenities and economic regeneration, as well as to earn rentals or for capital appreciation. Given that they do not meet the definition of an Investment Property under International Public Sector Accounting Standards (IPSAS) 16, they have been reclassified as Property, Plant and Equipment.

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

| | 2014/15 £'000 | 2015/16 £'000 |
|---------------------------------------|------------------|------------------|
| Balance at start of the year | 81,676 | 85,151 |
| Reclassification | 819 | (85,151) |
| Enhancement | 335 | 0 |
| Net gains from fair value adjustments | 2,321 | 0 |
| Balance at end of the year | 85,151 | 0 |

15. Intangible Assets

The Council accounts for its IT 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 £0.5M charged to revenue in 2015/16 (£0.6M in 2014/15) 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:

| | 2014/15 | 2015/16 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Balance at start of the year: | | |
| Gross carrying amounts | 15,778 | 18,393 |
| Accumulated amortisation | (9,021) | (9,572) |
| Net carrying amount at start of year | 6,757 | 8,821 |
| Additions: | | |
| Purchases | 784 | 315 |
| From Assets Under Construction | 1,831 | 0 |
| Amortisation for the period | (551) | (466) |
| Net carrying amount at end of year | 8,821 | 8,670 |
| Comprising: | | |
| Gross carrying amounts | 18,393 | 18,708 |
| Accumulated amortisation | (9,572) | (10,038) |
| Total | 8,821 | 8,670 |

16. Financial Instruments

Categories of Financial Instruments:

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

| | 2014/15 | | 2015/16 | |
|---|--------------------|------------------|--------------------|------------------|
| | Long term £'000 | Current £'000 | Long term £'000 | Current £'000 |
| Investments: | | | | |
| Loans and receivables ¹ | 5,004 | 568 | 5,150 | 564 |
| Available-for-sale financial assets | (4) | 0 | 0 | 0 |
| Total investments | 5,000 | 568 | 5,150 | 564 |
| Debtors: | | | | |
| Loans and receivables ² | 564 | 30,070 | 549 | 36,148 |
| Total included in debtors | 564 | 30,070 | 549 | 36,148 |
| Borrowings: | | | | |
| Financial liabilities at amortised cost ³ | (280,632) | (31,603) | (274,146) | (63,683) |
| Total included in borrowings | (280,632) | (31,603) | (274,146) | (63,683) |
| Other long-term liabilities: | | | | |
| PFI and finance lease liabilities ⁴ | (16,268) | 0 | (15,252) | (481) |
| Total other long-term liabilities | (16,268) | 0 | (15,252) | (481) |
| Creditors: | | | | |
| Financial liabilities carried at contract amount ² | 0 | (38,527) | 0 | (44,192) |
| Total included in creditors | 0 | (38,527) | 0 | (44,192) |

1 Current 'Loans and receivables' includes accrued interest of £64K (£66K in 2014/15).

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 £1.170M (£1.157M in 2014/15).

4 PFI and finance lease liabilities split between long-term and current liabilities in 2015/16.

Income, Expense, Gains and Losses:

| 2015/16 | Financial liabilities at amortised cost £'000 | Financial assets: loans & receivables £'000 | Financial assets: available for sale £'000 | Total £'000 |
|-------------------------------------|--|--|---|----------------|
| Interest expense | 10,773 * | 0 | 0 | 10,773 |
| Interest income | 0 | (357) | (146) | (503) |
| Net (gain)/loss for the year | 10,773 | (357) | (146) | 10,270 |

* Comprises interest payable on borrowing of £9.186M (£9.289M in 2014/15) and PFI interest of £1.587M in 2015/16.

| 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 |

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 Arlingclose Ltd at 31 March 2016 for Public Works Loan Board (PWLB) and 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:

| | 2014/15 Carrying amount £'000 | 2014/15 Fair Value £'000 | 2015/16 Carrying amount £'000 | 2015/16 Fair Value £'000 |
|-----------------------|--|---|--|---|
| Financial liabilities | (311,078) | (383,832) | (353,562) | (402,128) |

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.

| | 2014/15 Carrying amount £'000 | 2014/15 Fair Value £'000 | 2015/16 Carrying amount £'000 | 2015/16 Fair Value £'000 |
|-------------------------|--|---|--|---|
| Loans and receivables * | 5,572 | 5,572 | 5,714 | 5,714 |
| Long-term debtors | 564 | 564 | 549 | 549 |

* 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

A breakdown of the Council's inventories is given below:

| | 31 March 2015 £'000 | 31 March 2016 £'000 |
|--|--------------------------------|--------------------------------|
| Community Equipment Service | - | 98 |
| Balance outstanding at year end | - | 98 |

* The initial recognition of the stock inventory has been made at 31 March 2016.

18. Debtors

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Central government bodies | 5,124 | 6,148 |
| Other local authorities | 2,814 | 2,960 |
| NHS bodies | 3,296 | 2,592 |
| Other entities and individuals * | 41,831 | 48,524 |
| Impairment allowance for uncollectable debts | (5,068) | (5,524) |
| Total | 47,997 | 54,700 |

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

Debtors are presented net of an impairment allowance in respect of uncollectable debts.

19. Cash and Cash Equivalents

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

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Bank current accounts | (11,460) | (7,388) * |
| Short-term deposits | 13,259 | 7,797 |
| Total Cash and Cash Equivalents | 1,799 | 409 |

* The overdrawn position in respect of bank accounts at 31 March 2016 reflects outstanding BACS and cheque payments.

20. Assets Held for Sale

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Balance outstanding at start of year | 606 | 173 |
| Assets newly classified as Held for Sale: | | |
| Property, Plant & Equipment | 6 | 100 |
| Revaluation gains | 144 | 0 |
| Impairment losses | (42) | (30) |
| Assets de-classified as Held for Sale: | | |
| Surplus assets | (73) | 0 |
| Assets sold | (471) | (70) |
| Other movements | 3 | 0 |
| Balance outstanding at year end | 173 | 173 |

21. Creditors

| | 2014/15 | 2015/16 |
|----------------------------------|-----------------|-----------------|
| | £'000 | £'000 |
| Central government bodies | (3,792) | (1,302) |
| Other local authorities | (5,588) | (5,075) |
| NHS bodies | (20) | (86) |
| Other entities and individuals * | (34,577) | (41,127) |
| Total | (43,977) | (47,590) |

* Includes the Accumulated Absences account from 2015/16 which accrues for leave entitlements earned but not taken by employees in the year.

22. Provisions

| | Outstanding legal cases | Insurance provision | Other provisions | Total |
|---|------------------------------------|--------------------------------|-----------------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Balance outstanding at start of year | 0 | (2,378) | (3,325) | (5,703) |
| Additional provisions made in year | (295) | (1,406) | (646) | (2,347) |
| Amounts used in year | 0 | 359 | 636 | 995 |
| Unused amounts reversed in year | 0 | 1,091 | 287 | 1,378 |
| Balance outstanding at year end | (295) | (2,334) | (3,048) | (5,677) |

Outstanding Legal Cases:

The Council has provided during the year ended 31 March 2016 for a number of specific ongoing legal cases.

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 may have to incur costs and make settlement where any payments will not met by relevant insurance contracts.

Other Provisions:

Other provisions include the Council's share of Non Domestic Rates valuations (£2.0M) and the cost of approved school closures (£0.4M).

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.

| | 2014/15 £'000 | 2015/16 £'000 |
|--------------------------------------|--------------------------------|--------------------------------|
| General Fund Balance (a) | (15,167) | (15,516) |
| Earmarked General Fund Reserves (b) | (31,561) | (31,478) |
| Housing Revenue Account Balance (c) | (2,000) | (2,000) |
| Earmarked HRA Reserves (d) | (18,357) | (17,253) |
| HRA Major Repairs Reserve (e) | (200) | (200) |
| Capital Receipts Reserve (f) | (3,451) | (2,996) |
| Capital Grants Unapplied Reserve (g) | (13,580) | (3,260) |
| Schools Reserve (h) | (11,689) | (12,916) |
| Total Usable Reserves | (96,005) | (85,619) |

a) General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met. The General Fund Balance 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.

| | 2014/15 £'000 | 2015/16 £'000 |
|---|--------------------------------|--------------------------------|
| Balance at start of year | (15,101) | (15,167) |
| Deficit on Provision of Services | 5,799 | 29,437 |
| Adjustments between accounting basis and funding basis under regulations (Note 7) | (9,541) | (30,930) |
| Transfer from General Fund Balance | 3,676 | 1,144 |
| Balance at end of year | (15,167) | (15,516) |

b) Earmarked General Fund Reserves

The Earmarked General Fund Reserve shows the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16.

| | 2014/15 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Balance at start of year | (27,764) | (31,561) |
| Transfer (to) / from Earmarked Reserves | (3,797) | 83 |
| Balance at end of year | (31,561) | (31,478) |

c) Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision. It contains the balance of income and expenditure 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.

| | 2014/15 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Balance at start of year | (2,000) | (2,000) |
| Surplus on Provision of Services | (27,804) | (33,697) |
| Adjustments between accounting basis and funding basis under regulations (Note 7) | 27,958 | 34,801 |
| Transfer (to) Housing Revenue Account Balance | (154) | (1,104) |
| Balance at year end | (2,000) | (2,000) |

d) Earmarked HRA Reserves

The Earmarked HRA Reserve shows the amounts set aside from the HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet HRA expenditure in 2015/16.

| | 2014/15 £'000 | 2015/16 £'000 |
|----------------------------------|------------------|------------------|
| Balance at start of year | (18,511) | (18,357) |
| Transfer from Earmarked Reserves | 154 | 1,104 |
| Balance at year end | (18,357) | (17,253) |

e) HRA 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.

| | 2014/15 £'000 | 2015/16 £'000 |
|---------------------------------|------------------|------------------|
| Balance at start of year | (200) | (200) |
| Add: | | |
| Depreciation | (3,596) | (3,946) |
| | (3,796) | (4,146) |
| Less: | | |
| HRA capital expenditure | 3,596 | 3,946 |
| Balance at year end | (200) | (200) |

f) 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.

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Balance at start of year | (2,346) | (3,451) |
| Add: | | |
| Capital receipts in year | (3,197) | (5,154) |
| | (5,543) | (8,605) |
| Less: | | |
| Payments to the Government housing receipts pool | 456 | 528 |
| Capital receipts used to finance capital expenditure | 1,636 | 5,081 |
| Balance at end of year | (3,451) | (2,996) |

g) Capital Grants Unapplied Account (Reserve)

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 | 2015/16 |
|--|-----------------|-----------------|
| | £'000 | £'000 |
| Balance at start of year | (25,344) | (13,580) |
| Add: | | |
| Unapplied capital grants received in year | (1,940) | (620) |
| | (27,284) | (14,200) |
| Less: | | |
| Application of capital grants to finance capital expenditure | 13,704 | 10,940 |
| Balance at end of year | (13,580) | (3,260) |

h) Schools Reserve

The Schools Reserve represents the accumulated revenue and capital balances of schools, which are ring-fenced to be spent by schools in accordance with the Council's published Scheme for Financing Schools.

| | 2014/15 | 2015/16 |
|---|-----------------|-----------------|
| | £'000 | £'000 |
| Balance at start of year | (11,826) | (11,689) |
| Transfer (to) / from Earmarked Reserves | 137 | (1,227) |
| Balance at end of year | (11,689) | (12,916) |

24. Unusable Reserves

The table below provides a breakdown of the Council's Unusable Reserves included in the Movement in Reserves Statement. Unusable reserves have no immediate impact on the current resources available to the Council, but do illustrate potential long term financial resourcing implications.

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Revaluation Reserve (a) | (91,965) | (180,576) |
| Available-for-Sale Financial Instruments Reserve (b) | (4) | (150) |
| Capital Adjustment Account (c) | (534,881) | (550,790) |
| Financial Instruments Adjustment Account (d) | 1,601 | (48) |
| Pensions Reserve (e) | 379,640 | 320,562 |
| Collection Fund Adjustment Account (f) | (956) | (2,780) |
| Accumulated Absences Account (g) | 2,472 | 2,008 |
| Total Unusable Reserves | (244,094) | (411,774) |

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.

| | 2014/15 £'000 | 2015/16 £'000 |
|--|--------------------------------|--------------------------------|
| Balance at start of year | (59,299) | (91,966) |
| Upward revaluation of assets | (41,765) | (88,664) |
| Downward revaluation of assets and impairment losses not charged to the (surplus) / deficit on the Provision of Services | 3,885 | 9,952 |
| Surplus on revaluation of non-current assets not posted to the (surplus) / deficit on the Provision of Services | (37,880) | (78,712) |
| Difference between fair value depreciation and historical cost depreciation | 1,726 | 2,102 |
| Accumulated gains on assets sold or scrapped | 32 | 171 |
| Other Revaluation Reserve adjustments | 3,457 | (12,171) |
| Amount written off to the Capital Adjustment Account | 5,214 | (9,898) |
| Balance at end of year | (91,965) | (180,576) |

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.

| | 2014/15 £'000 | 2015/16 £'000 |
|-----------------------------------|--------------------------------|--------------------------------|
| Balance at start of year | 148 | (4) |
| Upward revaluation of investments | (152) | (146) |
| Balance at end of year | (4) | (150) |

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.

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Capital Adjustment Account | | |
| Balance at start of year | (493,035) | (534,881) |
| 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 | 22,496 | 23,950 |
| Revaluation (gains)/losses on Plant, Property & Equipment | 9,524 | 26,707 |
| Amortisation of intangible assets | 551 | 467 |
| Revenue Expenditure Funded from Capital Under Statute | 32,241 | 27,506 |
| 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 | 3,137 | 8,261 |
| Revaluations reversing previous revaluation losses | (26,430) | (29,837) |
| | 41,519 | 57,053 |
| Adjusting amounts written out of the Revaluation Reserve | (1,790) | (2,273) |
| Revaluation Reserve historic balances written out | (3,457) | 0 |
| Net written out amount of the cost of non-current assets consumed in the year | 36,272 | 57,780 |
| Capital financing applied in the year: | | |
| Use of the Capital Receipts Reserve to finance new capital expenditure | (1,636) | (5,081) |
| Use of the Major Repairs Reserve to finance new capital expenditure | (3,597) | (3,946) |
| Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | (38,711) | (41,924) |
| Application of grants to capital financing from the Capital Grants Unapplied Account | (13,704) | (10,940) |
| Statutory provision for the financing of capital investment charged against the General Fund and HRA balances | (7,250) | (8,867) |
| Capital expenditure charged against the General Fund and HRA balances | (10,900) | (12,103) |
| | (75,798) | (82,861) |
| Movement in the market value of Investment Property debited or credited to the Comprehensive Income and Expenditure Statement | (2,321) | 0 |
| Investment Property reclassification and transferred to Revaluation Reserve | | 12,171 |
| Balance at year end | (534,881) | (550,790) |

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.

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.

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Balance at start of year | 1,717 | 1,601 |
| Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements | (116) | (1,649) |
| Balance at year end | 1,601 | (48) |

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.

| | 2014/15 | 2015/16 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Pensions Reserve | | |
| Balance at start of year | 307,141 | 379,640 |
| Re-measurement of the net defined benefit liability/(asset) | 60,761 | (74,176) |
| 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 | 29,525 | 34,648 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | (17,787) | (19,550) |
| Balance at year end | 379,640 | 320,562 |

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.

| | 2014/15 | 2015/16 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Balance at start of year | 2,653 | (956) |
| 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. | (2,727) | (3,050) |
| 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. | (882) | 1,226 |
| Balance at end of year | (956) | (2,780) |

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.

| | 2014/15 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Balance at start of year | 2,942 | 2,472 |
| Settlement or cancellation of accrual made at the end of the preceding year | (2,942) | (2,472) |
| Balance at end of year | 2,472 | 2,008 |
| 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 | (470) | (464) |

25. Cash Flow Statement – Operating Activities

| | 2014/15 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Surplus / (deficit) on the Provision of Services | 22,004 | 4,260 |
| Depreciation and impairment | 5,591 | 20,820 |
| Amortisation | 551 | 467 |
| Movement in pension liability | 11,738 | 15,097 |
| Carrying amount of non-current assets and non-current assets held-for-sale, sold or de-recognised | (94) | 8,261 |
| Other non-cash items charged to the net surplus on the Provision of Services | (5,369) | (153) |
| (Increase) / decrease in debtors | (1,043) | (270) |
| (Increase) / decrease in creditors | (738) | 1,835 |
| (Increase) / decrease in Inventories | 0 | (98) |
| | 10,636 | 45,959 |
| Adjustment for items that are investing and financial activities: | | |
| Interest and investment income | 8,745 | 10,582 |
| Proceeds from disposal of assets | 0 | (5,154) |
| Capital grants credited to surplus or deficit on the Provision of Services | (40,637) | (42,543) |
| | (31,892) | (37,116) |
| Net cash flows from operating activities | 748 | 13,103 |

26. Cash Flow Statement – Investing Activities

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Purchase of property, plant and equipment, investment property and intangible assets | (72,292) | (83,692) |
| Purchase of short- and long-term investments | 0 | (11,967) |
| Other payments for investing activities | (9,289) | (10,591) |
| Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 3,197 | 5,154 |
| Proceeds from short- and long-term investments | 13,948 | 11,969 |
| Capital grants & other receipts from investing activities | 40,637 | 51,611 |
| Net cash flows from investing activities | (23,799) | (37,516) |

27. Cash Flow Statement – Financing Activities

| | 2014/15 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Repayments of short- and long-term borrowing | 4,722 | 24,919 |
| Other payments for financing activities | 1,045 | (1,895) |
| Net cash flows from financing activities | 5,767 | 23,023 |

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 and Corporate Services | Social Care, Health, Housing and Public Health | Regeneration and Community Services | Corporate Resources and Corporate Costs | Total |
|---------------------------------------|---------------------|------------------------------------|--|-------------------------------------|---|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 2015/16 | | | | | | |
| Directorate Net Budget | 36,734 | 15,874 | 64,600 | 53,562 | 15,740 | 186,510 |
| Directorate expenditure: | | | | | | |
| Employee Expenses | 19,656 | 13,222 | 21,287 | 20,957 | 6,405 | 81,527 |
| Other Service Expenses | 46,572 | 9,352 | 89,020 | 54,628 | 81,074 | 280,647 |
| Total Expenditure | 66,228 | 22,575 | 110,307 | 75,585 | 87,479 | 362,174 |
| Directorate Income: | | | | | | |
| Fees, charges & other service income | (28,847) | (6,472) | (43,910) | (23,870) | (76,374) | (179,474) |
| Net Costs | 37,382 | 16,102 | 66,397 | 51,715 | 11,105 | 182,701 |
| Transfers to and (from) reserves | 248 | (465) | (1,561) | 133 | 5,403 | 3,758 |
| Actual after Reserve Transfers | 37,630 | 15,637 | 64,836 | 51,848 | 16,508 | 186,459 |
| Surplus reported to management | | | | | | (51) |
| 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) |

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.

| | 2014/15 £'000 | 2015/16 £'000 |
|--|--------------------------|--------------------------|
| Net Expenditure in Directorate Analysis | 185,904 | 182,700 |
| Items not included in management reporting but included in Comprehensive Income and Expenditure Statement Net Cost of Services | 3,799 | 3,936 |
| Items included in management reporting but not included in Comprehensive Income and Expenditure Statement Net Cost of Services | 1,030 | 13,270 |
| Cost of Services in Comprehensive Income and Expenditure Statement | 189,177 | 199,906 |

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 |
|---|----------------------------------|---|---|------------------------------|-------------------------------|------------------|
| 2015/16 | | | | | | |
| Fee, charges & other service income | (70,421) | (37,147) | 3,995 | (103,573) | (3,995) | (107,568) |
| Interest & Investment Income | (294) | (63) | 357 | | (357) | (357) |
| Income from Council Tax | | | | | (136,616) | (136,616) |
| Income from Non-Domestic Rates | | | | | (28,010) | (28,010) |
| Government grants and contributions | (108,758) | (129,329) | 30,071 | (208,016) | (76,640) | (284,656) |
| Total Income | (179,474) | (166,539) | 34,424 | (311,589) | (245,618) | (557,207) |
| Employee expenses | 81,527 | 78,643 | (2,318) | 157,852 | 2,318 | 160,170 |
| Other service expenses | 273,214 | 61,121 | (1,707) | 332,628 | 1,617 | 334,245 |
| Depreciation, amortisation and impairment | | 21,106 | (90) | 21,016 | 90 | 21,106 |
| Interest payments | 6,764 | 4,034 | (10,798) | | 10,773 | 10,773 |
| Pension interest costs | | | | | 12,194 | 12,194 |
| Precepts and Levies | 669 | | (669) | | 10,823 | 10,823 |
| Payment to Housing Capital Receipts Pool | | | | | 529 | 529 |
| Gain or loss on disposal of fixed assets | | | | | 3,108 | 3,108 |
| Total Expenditure | 362,175 | 164,904 | (15,582) | 511,496 | 41,452 | 552,947 |
| (Surplus) / deficit on Provision of Services | 182,701 | (1,634) | 18,842 | 199,906 | (204,166) | (4,260) |

| | 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 | (88,348) | | (1,979) | (90,327) | | (90,327) |
| Interest & Investment Income | (440) | | 440 | | (544) | (544) |
| Income from Council Tax | | | | | (132,171) | (132,171) |
| Income from Non Domestic Rates | | | | | (28,740) | (28,740) |
| Government grants and contributions | (85,464) | (124,437) | | (209,901) | (80,931) | (290,831) |
| Investment properties value, expenses and rents | (2,304) | | 2,304 | | (2,304) | (2,304) |
| Total Income | (176,556) | (124,437) | 765 | (300,227) | (244,690) | (544,918) |
| Employee expenses | 78,916 | | | 78,916 | | 78,916 |
| Other service expenses | 277,106 | 124,437 | 5,151 | 406,693 | 622 | 407,315 |
| Depreciation, amortisation and impairment | | 3,799 | | 3,799 | (2,321) | 1,478 |
| Interest payments | 6,439 | | (6,439) | 0 | 10,870 | 10,870 |
| Pension interest costs | | | | 0 | 13,163 | 13,163 |
| Precepts and Levies | | | | 0 | 10,481 | 10,481 |
| Payment to Housing Capital Receipts Pool | | | | 0 | 456 | 456 |
| Gain or loss on disposal of fixed assets | | | | 0 | (94) | (94) |
| Total Expenditure | 362,460 | 128,236 | (1,288) | 489,408 | 35,506 | 522,914 |
| (Surplus) / deficit on the provision of services | 185,904 | 3,799 | (523) | 189,181 | (211,184) | (22,004) |

29. Trading Operations

The Council has established four 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 these units are given as follows:

| 2014/15 | | | | 2015/16 | | |
|----------------|--------------|-----------------------|-----------------------------|----------------|--------------|-----------------------|
| Income | Expenditure | (Surplus)/ Deficit | | Income | Expenditure | (Surplus)/ Deficit |
| £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 |
| (1,264) | 844 | (420) | Car Parks | (1,355) | 1,074 | (281) |
| (702) | 580 | (122) | Building Control | (736) | 692 | (44) |
| (1,735) | 1,977 | 242 | Albion Archaeology | (1,648) | 1,915 | 267 |
| (222) | 301 | 79 | Leighton Buzzard Theatre | (255) | 342 | 87 |
| (220) | 451 | 231 | Other Trading Units | 0 | 0 | 0 |
| (4,143) | 4,153 | 10 | | (3,994) | 4,023 | 29 |

* A number of smaller trading units were de-classified as trading operations in 2015/16 on grounds of materiality, and have been incorporated into the 'Cost of Services' block in the Comprehensive Income and Expenditure Statement as an integral part of one of the Council's services to the public.

30. Pooled Budgets

Better Care Fund:

Effective since April 2015, the Council has entered into a pooled budget arrangement with NHS Bedfordshire Clinical Commissioning Group in accordance with Section 75 of the National Health Service Act 2006. Central Bedfordshire Council provides financial management for this pooled fund.

The Better Care Fund (BCF) is a policy initiative between local authorities, CCGs and NHS providers which has resulted in pooled funds being used to jointly commission or deliver health and social care. Apart from the integrated equipment store arrangements, the terms of the Section 75 agreement means that contracts are stand-alone with the financial risk being retained by the lead body. In relation to the equipment store, the arrangement is hosted by the Council and accounted for as a pooled budget.

The Clinical Commissioning Group and Central Bedfordshire Council have signed a Framework Partnership Agreement relating to the BCF and commissioning of health and social care services. The agreement has established a Partnership Board with joint membership from each organisation. The Partnership Board determines which schemes are funded in the locality. Each partner then manages the contracts with their own providers of BCF services and each partner retains any financial risk relating to those contracts.

| Better Care Fund: | 2014/15 | | 2015/16 | |
|---|----------------|--------------|----------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Funding provided to the pooled budget: | | | | |
| Central Bedfordshire Council | - | | (4,607) | |
| Bedfordshire Clinical Commissioning Group | - | | (14,100) | |
| | | - | | (18,707) |
| Expenditure met from the pooled budget: | | | | |
| Central Bedfordshire Council | - | | 9,275 | |
| Bedfordshire Clinical Commissioning Group | - | | 8,906 | |
| | | - | | 18,181 |
| Net surplus arising on the pooled budget during the year | | - | | (526) |
| Transferred to earmarked revenue reserve | | | | (44) |
| Capital grant carried forward to 2016/17 | | | | (482) |
| The Council's share of 50% of the net surplus arising on the pooled budget | | - | | (263) |

The total of the BCF has been fully allocated out to the participating partners during the financial year. However, there was a revenue underspend of £44K and a capital grant underspend of £482K which have both been carried forward into 2016/17.

Bedfordshire Community Equipment Service:

Central Bedfordshire Council (CBC) has entered into a pooled budget arrangement with Bedford Borough Council (BBC) and Bedfordshire Clinical Commissioning Group (BCCG) for the provision of community equipment services to meet the needs of people living in the geographical area. During 2015/16 the Council continued responsibility for hosting the pooled budget.

The partners contribute funds to the agreed budget equal to 21% (CBC), 13% (BBC) and 66% (BCCG) of the budget respectively. The same proportions are 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 three partners to the agreement.

| Bedfordshire Community Equipment Service: | 2014/15 | | 2015/16 | |
|---|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Funding provided to the pooled budget: | | | | |
| Central Bedfordshire Council | (454) | | (428) | |
| Bedford Borough Council | (279) | | (256) | |
| Bedfordshire Clinical Commissioning Group | (1,376) | | (1,260) | |
| | | (2,109) | | (1,944) |
| Expenditure met from the pooled budget: | | | | |
| Central Bedfordshire Council | 2,109 | | 1,944 | |
| | | 2,109 | | 1,944 |
| Net surplus arising on the pooled budget during the year | | 0 | | 0 |

31. Members' Allowances

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

| | 2014/15 | 2015/16 |
|--------------|----------------|----------------|
| | £'000 | £'000 |
| Salaries * | 1,073 | 1,078 |
| Expenses | 160 | 116 |
| Total | 1,233 | 1,194 |

* 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 2015/16, 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) | | | | | |
| 2015/16 | 181,300 | 1,193 | 182,493 | 45,144 | 227,637 |
| 2014/15 | 181,300 | 801 | 182,101 | 44,237 | 226,338 |
| Sue Harrison (Director of Children's Services) | | | | | |
| 2015/16 | 145,000 | 808 | 145,808 | 36,105 | 181,913 |
| 2014/15 * | 76,125 | 441 | 76,566 | 18,574 | 95,140 |
| Edwina Grant (Deputy Chief Executive & Director of Children's Services) | | | | | |
| 2015/16 | 0 | 0 | 0 | 0 | 0 |
| 2014/15 * | 50,507 | 301 | 50,808 | 12,091 | 62,899 |
| Julie Ogley (Director of Social Care, Health & Housing) | | | | | |
| 2015/16 | 145,000 | 1,373 | 146,373 | 36,104 | 182,477 |
| 2014/15 | 142,781 | 1,160 | 143,941 | 34,838 | 178,780 |
| Charles Warboys (Chief Finance Officer - S151) | | | | | |
| 2015/16 | 110,000 | 853 | 110,853 | 27,390 | 138,243 |
| 2014/15 | 101,655 | 572 | 102,227 | 24,804 | 127,031 |
| Marcel Coiffait (Director of Community Services) | | | | | |
| 2015/16 | 110,000 | 574 | 110,574 | 27,390 | 137,964 |
| 2014/15 | 108,839 | 569 | 109,408 | 26,657 | 136,065 |
| Deb Broadbent-Clarke (Director of Improvement & Corporate Services) | | | | | |
| 2015/16 | 132,692 | 597 | 133,289 | 0 | 133,289 |
| 2014/15 | 135,000 | 488 | 135,488 | 0 | 135,488 |

| | | | | | |
|---|--------------------------------------|-------------------------------|--------------------------------------|----------------------------------|--------------------------------------|
| Melanie Clay (Chief Legal & Democratic Services Officer) 2015/16 * 2014/15 | 39,579 84,800 | 0 0 | 39,579 84,800 | 9,855 20,605 | 49,434 105,405 |
| Jason Longhurst (Director of Regeneration & Business Support) 2015/16 2014/15 | 110,000 110,000 | 1,626 1,807 | 111,626 111,807 | 27,390 26,840 | 139,016 138,647 |
| Muriel Scott (Director of Public Health) 2015/16 2014/15 | 100,669 98,214 | 3,167 2,899 | 103,836 101,113 | 25,604 23,964 | 129,440 125,077 |
| Totals: 2015/16 2014/15 | 1,074,240 1,089,221 | 10,191 9,038 | 1,084,431 1,098,259 | 234,982 232,611 | 1,319,413 1,330,870 |

* Part-year costs only

Melanie Clay – Chief Legal & Democratic Services Officer left CBC 17/9/15 and was replaced by Quentin Baker as a temporary Monitoring Officer employed by LGSS Law Ltd. The total CBC paid to LGSS Law Ltd was £27,656.

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 £52,113.

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

The following table shows the Council's other school and non-school permanent 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 non-school 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 | 2014/15 | 2015/16 | 2014/15 | 2015/16 |
|-------------------|-------------------------------|-------------------------------|--|--|
| | 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 | 56 | 63 | 15 | 15 |
| £55,000-£59,999 | 47 | 40 | 10 | 11 |
| £60,000-£64,999 | 37 | 33 | 15 | 7 |
| £65,000-£69,999 | 15 | 26 | 18 | 12 |
| £70,000-£74,999 | 6 | 6 | 6 | 4 |
| £75,000-£79,999 | 2 | 5 | 5 | 7 |
| £80,000-£84,999 | 4 | 4 | 5 | 7 |
| £85,000-£89,999 | 8 | 6 | 3 | 4 |
| £90,000-£94,999 | 3 | 4 | 1 | 3 |
| £95,000-£99,999 | 1 | 2 | 1 | 5 |
| £100,000-£104,999 | 1 | 2 | 1 | 2 |
| £105,000-£109,999 | 1 | 0 | 1 | 0 |
| £110,000-£114,999 | 0 | 0 | 0 | 3 |
| £115,000-£119,999 | 0 | 0 | 0 | 2 |
| £120,000-£124,999 | 0 | 0 | 1 | 0 |
| £125,000-£129,999 | 0 | 0 | 1 | 0 |
| £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 | 0 |
| £150,000-£154,999 | 0 | 0 | 0 | 0 |
| £160,000-£164,999 | 0 | 0 | 0 | 0 |
| £165,000-£169,999 | 0 | 0 | 1 | 0 |
| Total | 181 | 191 | 85 | 82 |

Exit Packages

The total cost of £778K 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 | |
|--|--|-----------|--|------------|
| | 2014/15 | 2015/16 | 2014/15 | 2015/16 |
| | | | £'000 | £'000 |
| £0 - £20K | 59 | 53 | 403 | 319 |
| £20 - £40K | 7 | 13 | 184 | 329 |
| £40 - £60K | 4 | 0 | 192 | 0 |
| £60 - £80K | 0 | 2 | 0 | 130 |
| £80 - £100K | 0 | 0 | 0 | 0 |
| £100 - £150K | 0 | 0 | 0 | 0 |
| £150 - £200k | 0 | 0 | 0 | 0 |
| Total | 70 | 68 | 779 | 778 |

33. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts:

| | 2014/15 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Fees payable to EY with regard to external audit services carried out by the appointed auditor for the year | 186 | 149 |
| Fees payable to EY for the certification of grant claims and returns for the year | 33 | 27 |
| Rebates received from EY during the year | (26) | 0 |
| Fees payable in respect of other services provided by EY during the year * | 15 | 15 |
| Total | 208 | 191 |

* The fees for other services payable in both 2014/15 and 2015/16 related to Teachers' Pensions End of Year Certification.

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 2015. 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 2015/16 was used are as follows:

| Notes | | Central Expenditure £'000 | Individual Schools Budget £'000 | Total £'000 |
|-------|--|---------------------------------|---------------------------------------|----------------|
| A | Final DSG for 2015/16 before academy recoupment | | | 192,114 |
| B | Academy figure recouped for 2015/16 | | | (89,800) |
| C | Total DSG after academy recoupment for 2015/16 | | | 102,314 |
| D | Plus: Brought forward from 2014/15 | | | 4,079 |
| E | Less: Carry-forward to 2016/17 agreed in advance | | | 0 |
| F | Agreed initial budgeted distribution in 2015/16 | 21,847 | 84,546 | 106,393 |
| G | In-year adjustments | (1,820) | (759) | (2,579) |
| H | Final budget distribution for 2015/16 | 20,027 | 83,787 | 103,814 |
| I | Less: Actual central expenditure | (16,918) | | (16,918) |
| J | Less: Actual ISB deployed to schools | | (83,787) | (83,787) |
| K | Plus Local authority contribution for 2015/16 | 0 | 0 | 0 |
| L | Carry-forward to 2016/17 | 3,109 | 0 | 3,109 |

- A Final DSG figure before any amount has been recouped from the Council including the early years block adjustment.
- B Figure recouped from the Council in 2015/16 by the DfE for the conversion of maintained schools into academies.
- C Total figure after DfE academy recoupment for 2015/16.
- D Figure brought forward from 2014/15 as agreed with the DfE.
- E Any amount which the Council decided after consultation with the Schools Forum to carry forward to 2016/17 rather than distribute in 2015/16.
- 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 incurred in 2015/16.
- J Amount of ISB actually distributed to schools.
- K Any contribution from the local authority in 2015/16 which will have the effect of substituting for DSG in funding the Schools Budget.
- L Carry-forward to 2016/17.

35. Grant Income

The Council credited the following grants, taxes, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16:

| | 2014/15 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Credited to Taxation and Non-specific Grant Income and Expenditure | | |
| Revenue Support Grant | (36,992) | (30,072) |
| Council Tax | (132,171) | (136,616) |
| Council Tax Freeze Grant | (1,298) | (1,341) |
| NDR Income and Expenditure | (28,411) | (28,010) |
| NDR S31 Grant | (2,003) | (2,683) |
| | (200,875) | (198,722) |
| Recognised grants and contributions – Capital | | |
| New School Places Programme | (15,486) | (12,193) |
| New Woodside link road to M1 | (2,770) | (9,822) |
| Highways Structural Maintenance | (3,959) | (4,457) |
| Schools Capital Maintenance | (939) | (2,712) |
| Local Broadband Infrastructure | 0 | (2,619) |
| Section 106 developer contributions | (2,523) | (2,321) |
| Flitwick Leisure Centre Redevelopment | 0 | (2,104) |
| Highways Integrated schemes | (1,511) | (1,818) |
| Others (individually less than £1m) | (13,449) | (4,497) |
| | (40,637) | (42,543) |
| Total | (241,512) | (241,265) |

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Credited to Services – Revenue | | |
| Dedicated Schools Grant | (99,643) | (102,314) |
| Housing Benefit Administration Subsidy Grant | (60,683) | (60,249) |
| Public Health Grant | (10,150) | (11,306) |
| New Homes Bonus Grant | (6,725) | (9,070) |
| Better Care Fund (NHS Grant) | (3,969) | (4,939) |
| Pupil Premium Grant | (8,126) | (4,086) |
| Post-16 – Education Funding Agency Grant | (2,638) | (2,582) |
| Early Intervention Grant | (2,683) | (2,250) |
| Adult & Community Learning Grant | (785) | (1,103) |
| Others (individually less than £1M) | (14,499) | (10,115) |
| Total | (209,901) | (208,015) |

| | 2014/15 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Grants Receipts in Advance – Capital | | |
| Section 106 developer contributions | (21,249) | (26,051) |
| New School Places Programme | 0 | (5,094) |
| New Woodside link road to M1 | 0 | (3,948) |
| Special Schools Provision | 0 | (1,618) |
| Others (individually less than £1M) | (3,055) | (2,152) |
| Total | (24,304) | (38,863) |

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.

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 significant funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. 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 2016 are shown in Note 35.

Members:

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2015/16 is shown in Note 31.

A number of Councillors are school governors and are appointed Town and Parish Council Members, although they do not control or significantly influence any of these public bodies given the nature of governance arrangements in place.

A list of Councillor relationships with companies / organisations that have had material financial transactions in 2015/16 with the Council is provided below. Contracts were entered into in full compliance with the Council's standing orders. 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 | 2015/16 Expenditure by the Council £'000 |
|-------------|---|--------------|---|
| F. Chapman | Link-A-Ride | Member | 117 |
| S. Dixon | Willmott Dixon which is wholly owned by Hardwicke Investments | Shareholder | 4,283 |
| P. Hollick | South Beds Dial-A-Ride | Member | 137 |
| J. Jamieson | Aragon Housing | Board member | 540 |

Senior Officers:

Senior Officers are defined as per Note 32.

During 2015/16, there were no material related party transactions relating to Senior Officers.

Other Public Bodies:

The Council hosts a pooled budget arrangement with NHS Bedfordshire Clinical Commissioning Group in respect of the Better Care Fund (BCF). Established in April 2015, it provides funds to local areas to support the integration of health and social care. Under a framework partnership arrangement, both parties jointly commission the services and agree to meet their proportionate share of transactional costs. The risk share agreement is on the basis of a 50:50 split, so any net surplus or deficit is shared on this basis.

The Council also hosts a pooled budget arrangement with NHS Bedfordshire Clinical Commissioning Group and Bedford Borough Council for the provision of Community Equipment Services.

Further details of these two pooled budget arrangements are included 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:

| | 2014/15 | 2015/16 |
|--|-----------------|-----------------|
| | £'000 | £'000 |
| Opening Capital Financing Requirement | 418,184 | 446,919 |
| Capital investment: | | |
| Property, plant and equipment | 71,173 | 83,930 |
| Investment properties | 335 | 0 |
| Intangible assets | 784 | 315 |
| Revenue Expenditure Funded from Capital Under Statute (REFCUS) | 32,241 | 27,506 |
| | 104,533 | 111,751 |
| Sources of finance: | | |
| Capital receipts | (1,636) | (5,081) |
| Government grants and other contributions | (52,415) | (52,863) |
| Major Repairs Allowance | (3,597) | (3,946) |
| Sums set aside from revenue: | | |
| Direct revenue contributions | (10,900) | (12,103) |
| Minimum Revenue Provision (MRP) / PFI principal | (7,250) | (8,867) |
| | (75,798) | (82,860) |
| Closing Capital Financing Requirement | 446,919 | 475,810 |
| Increase in underlying need to borrow (unsupported by Government financial assistance) | 28,735 | 28,891 |
| Increase/(decrease) in Capital Financing Requirement | 28,735 | 28,891 |

38. Leases

Council as Lessee

Finance Leases:

At 31 March 2016, the Council has not taken any finance leases.

Operating Leases:

The Council has use of a number of buildings and land in delivering services 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:

| | 2014/15 £'000 | 2015/16 £'000 |
|---|------------------|------------------|
| Not later than one year | 265 | 199 |
| Later than one year and not later than five years | 260 | 557 |
| Later than five years | 385 | 410 |
| Total committed liabilities as at 31 March | 910 | 1,166 |

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

| | 2014/15 £'000 | 2015/16 £'000 |
|------------------------|------------------|------------------|
| Minimum lease payments | 265 | 254 |
| Total | 265 | 254 |

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 (as landlord) 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:

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Not later than one year | 2,094 | 1,806 |
| Later than one year and not later than five years | 2,883 | 5,448 |
| Later than five years | 14,505 | 45,415 * |
| Total future minimum lease payments receivable as at 31 March | 19,482 | 52,669 |

* The significant increase in the future minimum lease payments receivable between 2014/15 and 2015/16 is due to a small number of high value leases being renewed for longer terms.

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 buildings and associated facilities management at two schools (Samuel Whitbread Upper and Harlington Upper) 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 £4.286M in 2015/16 (£4.204M in 2014/15).

Payments remaining to be made under the PFI contract at 31 March 2016 (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 2016/17 | 2,294 | 481 | 1,595 | 4,370 |
| Payable within 2 to 5 years | 9,221 | 2,738 | 6,413 | 18,372 |
| Payable within 6 to 10 years | 14,184 | 2,670 | 8,318 | 25,172 |
| Payable within 11 to 15 years | 15,340 | 3,894 | 8,742 | 27,976 |
| Payable within 16 to 20 years | 15,590 | 5,950 | 9,669 | 31,209 |
| Total | 56,629 | 15,733 | 34,737 | 107,099 |

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:

| | 2014/15 £'000 | 2015/16 £'000 |
|--|--------------------------|--------------------------|
| Balance outstanding at start of year | 16,820 | 16,268 |
| Payments during the year | (552) | (535) |
| Balance outstanding at year end | 16,268 | 15,733 |

40. Capitalisation of Borrowing Costs

Central Bedfordshire Council did not capitalise any borrowing costs in 2015/16.

41. Termination Benefits

The Council terminated the contracts of 68 employees in 2015/16, incurring direct redundancy costs of £778K (70 employees and £779K in 2014/15) – 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:

- £55K paid to 7 officers in Children's Services
- £134K paid to 13 officers in Corporate Services
- £395K paid to 18 officers in Regeneration & Community Services
- £48K paid to 14 officers in Social Care, Health & Housing
- £146K paid to 16 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 a multi-employer defined benefit scheme. The Scheme is unfunded and the DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Scheme has in excess of 3,700 participating employers and consequently 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 2015/16, the Council paid £5.219m to Teachers' Pensions in respect of teachers' retirement benefits, representing 15.43% of pensionable pay. The comparative figures for 2014/15 were £4.949M and 12.89% respectively. 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.

The Council is not liable to the Scheme for any other entities' obligations under the plan.

Public Health Staff

Under the new arrangements for Public Health, staff performing public health functions were compulsorily transferred to the Council on 1 April 2013 on the abolition of the Primary Care Trusts (PCTs) nationally. The transferred staff retained access to the NHS Pension Scheme. The Scheme provides specified benefits upon retirement towards which the Council makes contributions based on a percentage of members' pensionable salaries. The Scheme is administered by the Department of Health (DoH).

The Scheme is a multi-employer defined benefit scheme. The Scheme is unfunded and the DoH uses a notional fund as the basis for setting employer contribution rates. Valuations of the fund are undertaken every four years.

The Scheme has over 1.3M active members employed in a wide variety of organisations. The Council is unable 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 2015/16, the Council paid £53K to the NHS Pension Scheme in respect of the retirement benefits of public health staff (£57K in 2014/15). There were no contributions remaining payable at the year-end.

The Council is not liable to the Scheme for any other entities' obligations under the plan.

43. Defined Benefit Pension Schemes

Participation in the Local Government Pension Scheme:

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme (LGPS). 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 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.

Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The Bedfordshire Pension Fund is operated under the regulatory framework for the LGPS and the governance of the Scheme is the responsibility of the pensions committee of Bedford Borough Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee and consist of the Chief Finance Officer and resources of the appointed Investment Fund managers.

The principal risks to the Council of the Scheme are the longevity assumptions, statutory changes to the Scheme, structural changes to the scheme (i.e., large-scale withdrawals from the Scheme), changes to inflation, bond yields and the performance of the equity investments held by the Scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the Accounting Policies Note 1.

Discretionary Post-retirement Benefits:

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits:

The Council recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund 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.

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Comprehensive Income and Expenditure Statement | | |
| <i>Cost of Services:</i> | | |
| <i>Service cost comprising:</i> | | |
| Current service cost | 16,332 | 22,614 |
| Past service costs | 317 | 113 |
| (Gain) / loss from settlements | (287) | (273) |
| <i>Financing and Investment Income and Expenditure:</i> | | |
| Net interest expense | 13,163 | 12,194 |
| Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services | 29,525 | 34,648 |
| <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) | 30,821 | (9,504) |
| Actuarial gains / (losses) arising on changes in financial assumptions | (98,710) | 71,181 |
| Other | 7,128 | 12,499 |
| Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement | (60,761) | 74,176 |
| 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 | 29,525 | 34,648 |
| <i>Actual amount charged against the General Fund Balance for pensions in the year:</i> | | |
| Employers' contributions payable to scheme | 17,787 | 19,551 |

Pensions Assets and Liabilities Recognised in the Balance Sheet:

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

| | 2014/15 | 2015/16 |
|--|----------------|----------------|
| | £000 | £000 |
| Present value of the defined benefit obligation | 802,339 | 747,661 |
| Fair value of plan assets | (422,698) | (427,099) |
| Net liability arising from defined benefit obligation | 379,641 | 320,562 |

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

| | 2014/15 | 2015/16 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Opening fair value of scheme assets | 377,221 | 422,698 |
| Interest income | 16,177 | 13,532 |
| Re-measurement gain / (loss): | | |
| The return on plan assets, excluding the amount included in the net interest expense | 30,821 | (9,504) |
| Contributions from employer | 17,787 | 19,551 |
| Contributions from employees into the scheme | 4,829 | 5,168 |
| Benefits paid | (24,137) | (24,346) |
| Closing fair value of scheme assets | 422,698 | 427,099 |

Reconciliation of Present Value of the Scheme Liabilities:

| | Funded & Unfunded Liabilities | |
|---|-------------------------------|------------------|
| | 2014/15 £'000 | 2015/16 £'000 |
| Opening balance at 1 April | 684,363 | 802,339 |
| Current service cost | 16,332 | 22,614 |
| Interest cost | 29,340 | 25,726 |
| Contributions from scheme participants | 4,829 | 5,168 |
| Re-measurement (gains) / losses: | | |
| Actuarial (gains) / losses arising on changes in financial assumptions | 98,710 | (71,181) |
| Other | (7,128) | (12,499) |
| | 91,582 | (83,680) |
| Losses on curtailment | 317 | 113 |
| Benefits paid | (24,137) | (24,346) |
| Liabilities extinguished on settlements | (287) | (273) |
| Closing balance at 31 March | 802,339 | 747,661 |

Local Government Pension Scheme assets comprised:

| | Fair value of scheme assets | |
|---|-----------------------------|------------------|
| | 2014/15 £'000 | 2015/16 £'000 |
| Cash and cash equivalents | 26,319 | 10,438 |
| Equity instruments: | | |
| <i>By industry type</i> | | |
| Consumer | 3,954 | 0 |
| Manufacturing | 3,508 | 0 |
| Energy and utilities | 8,227 | 0 |
| Financial institutions | 8,678 | 0 |
| Health and care | 8,815 | 0 |
| Information technology | 6,665 | 0 |
| Other | 5,260 | 0 |
| Sub-total equity | 45,107 | 0 |
| Bonds: | | |
| <i>By sector</i> | | |
| Government | 44,691 | 36,836 |
| Sub-total bonds | 44,691 | 36,836 |
| Property: | | |
| <i>By type</i> | | |
| UK Property | 41,851 | 48,212 |
| Overseas Property | 25 | 8 |
| Sub-total property | 41,876 | 48,220 |
| Other investment funds: | | |
| Equities | 171,727 | 213,926 |
| Bonds | 35,049 | 41,118 |
| Other | 57,929 | 76,561 |
| Sub-total other investment funds | 264,705 | 331,605 |
| Total assets | 422,698 | 427,099 |

Of the 2015/16 scheme assets, £146.5M (34.3%) have quoted prices in active markets, and £280.6M (65.7%) have quoted prices not in active markets. Comparative figures for 2014/15 are quoted prices in active markets £200.8M (47.5%) and quoted prices not in active markets £221.9M (52.5%).

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 | |
|---|---------------------------------|---------|
| | 2014/15 | 2015/16 |
| Long-term expected rate of return on assets in the scheme * | 3.2% | 3.5% |
| 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 |
| Retail Price Inflation (RPI) | 3.3% | 3.2% |
| Rate of increase in salaries | 3.3% | 3.2% |
| Consumer Price Inflation (CPI) – pension increase rate | 2.4% | 2.2% |
| Rate for discounting scheme liabilities | 3.2% | 3.5% |

* 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 2015/16 | |
|--|---|------------------------------------|
| | Approximate % increase to Employer Liability | Approximate monetary amount |
| | | £'000 |
| Longevity (increase in 1 year) | 3% | 22,430 |
| Rate of increase in salaries (0.5% increase) | 2% | 15,506 |
| Rate of increase in pensions (0.5% increase) | 8% | 58,024 |
| Rate of discounting Scheme liabilities (0.5% decrease) | 10% | 74,021 |

44. Contingent Liabilities

During the year ended 31 March 2016 the Council tendered the contract for Highways Maintenance. A new contractor was awarded the contract effective from 1 April 2016. The outgoing Highway's contractor has submitted applications in respect of costs that had, in the contractor's view, been under recovered during the contract term. The supplemental application for costs has not been accepted by the Council and has not been recognised as a creditor at 31 March 2016. Any resolution of the supplemental application for costs could create a liability for the Council.

45. Contingent Assets

At 31 March 2016, 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 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 2016 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 £13.027M customer balances which have been invoiced at year end. This can be analysed as follows:

| | 31 March 2015 £'000 | 31 March 2016 £'000 |
|--------------------------|------------------------|------------------------|
| Less than three months | 10,254 | 8,142 |
| Three months to one year | 1,168 | 3,078 |
| More than one year | 2,051 | 1,807 |
| Total | 13,473 | 13,027 |

The Council's experience of customer debtor balance write offs equated to 2.0% of the year end total in 2015/16, which compares to 1.6% in 2014/15.

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 40% of loans are due to mature within any one year period through the careful planning of new loans taken out. The maturity analysis of financial liabilities is as follows:

| | 2014/15 £'000 | 2015/16 £'000 |
|----------------------------|------------------|------------------|
| Less than one year * | 30,446 | 62,512 |
| Between one and two years | 6,612 | 0 |
| Between two and five years | 0 | 0 |
| Between five and ten years | 77,727 | 100,246 |
| Between ten and 25 years | 121,917 | 99,398 |
| More than 25 years | 75,916 | 75,916 |
| Total | 312,618 | 338,072 |

* 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 40% 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 budget monitoring quarterly during the year. This allows any adverse changes to be mitigated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2016, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

| | 2015/16 |
|---|----------------|
| | £'000 |
| Increase in interest payable on variable rate borrowings | 1,075 |
| Increase in interest receivable on variable rate investments * | (83) |
| Impact on Surplus or Deficit on the Provision of Services | 992 |
| Share of overall impact debited to the HRA | 227 |
| 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) | (33,019) |

* 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 given that the prevailing Base Rate is 0.5% and is unlikely to fall below 0%.

Price Risk

The Council does not invest in equity shares but does hold units to the value of £5.2M 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 £260K gain or loss being recognised in the Available-for-Sale Financial Instruments Reserve for 2015/16 (the actual cumulative unrealised gain for the Lime Fund stood at £150K as at 31/03/2016).

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 four trust funds. 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:

| 2015/16 | Income £'000 | Expenditure £'000 | Assets £'000 | Liabilities £'000 |
|---------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| LW Williams Fund | 0 | 0 | 10 | 0 |
| Adult Social Care Customer Fund | 0 | 0 | 30 | 0 |
| LuDun Fund | 0 | 2 | 126 | 0 |
| Linsell House Bequest | 0 | 0 | 23 | 0 |
| Total | 0 | 2 | 189 | 0 |

| 2014/15 | Income £'000 | Expenditure £'000 | Assets £'000 | Liabilities £'000 |
|---------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| LW Williams Fund | 0 | 0 | 10 | 0 |
| Adult Social Care Customer Fund | 0 | 0 | 30 | 0 |
| LuDun Fund | 0 | 375 | 128 | 0 |
| Total | 0 | 375 | 168 | 0 |

Supplementary Financial Statements 2015/16

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.

| 2014/15 £'000 | Note | 2015/16 £'000 | 2015/16 £'000 |
|--|------|------------------|------------------|
| Expenditure | | | |
| 5,083 | | 4,944 | |
| 6,226 | | 6,807 | |
| 266 | | 303 | |
| (15,345) | 7 | (19,975) | |
| 117 | | 118 | |
| 102 | | 42 | |
| (3,550) | | | (7,760) |
| Income | | | |
| (26,583) | | (26,829) | |
| (487) | | (501) | |
| (810) | | (873) | |
| (556) | | (524) | |
| (28,436) | | | (28,727) |
| (31,986) | | | (36,488) |
| | | | |
| 120 | | | 101 |
| (31,866) | | | (36,386) |
| HRA share of the operating income and expenditure included in the whole Council Comprehensive Income and Expenditure Statement: | | | |
| (514) | | | (793) |
| 4,013 | | | 4,034 |
| (104) | | | (63) |
| 669 | 9 | | 364 |
| 0 | | | (851) |
| 4,064 | | | 2,691 |
| (27,802) | | | (33,697) |

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

This statement illustrates how the Housing Revenue Account Income and Expenditure Statement surplus for the year reconciles to the movement on the Housing Revenue Account balance for the year.

| 2014/15 £'000 | Note | 2015/16 £'000 | 2015/16 £'000 |
|------------------|------|------------------|------------------|
| 2,000 | | | 2,000 |
| 27,802 | | 33,697 | |
| | | | |
| | | | |
| | | | |
| | | | |
| (15,345) | 7 | (19,975) | |
| (514) | | (793) | |
| 596 | | 455 | |
| (9,098) | 4 | (10,542) | |
| 3,443 | | | 2,842 |
| | | | |
| | | | |
| (3,597) | 3 | (3,946) | |
| 154 | | 2,958 | |
| 0 | | (1,854) | |
| (3,443) | | | (2,842) |
| 0 | | | 0 |
| 2,000 | | | 2,000 |

HRA 1 Housing Stock

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

| Property Type | Stock at 01/04/2015 | Additions | Sales | Demolished | Stock at 31/03/2016 |
|-----------------------|------------------------|-----------|-------------|------------|------------------------|
| Low rise flats | 1,294 | 3 | (4) | 0 | 1,293 |
| Medium rise flats | 504 | 0 | (1) | 0 | 503 |
| High rise flats | 0 | 0 | 0 | 0 | 0 |
| Houses & bungalows | 3,334 | 3 | (28) | 0 | 3,309 |
| Total | 5,132 | 6 | (33) | 0 | 5,105 |

HRA 2 Balance Sheet Values of HRA Assets

| | Value at 01/04/2015 £'000 | Value at 31/03/2016 £'000 |
|---------------------------|---------------------------------|---------------------------------|
| Operational assets | | |
| Council dwellings | 358,495 | 414,232 |
| Other land & buildings | 4,572 | 6,986 |
| Total | 363,067 | 421,218 |

As at 1 April 2015, the vacant possession value of the Council's dwellings is estimated at £754.1M compared with the Balance Sheet value of £358.5M 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:

| | 2014/15 £'000 | 2015/16 £'000 |
|--------------------------------------|------------------|------------------|
| Balance at 1 April | (200) | (200) |
| Total depreciation on all HRA assets | (3,597) | (3,946) |
| Expenditure in year | 3,597 | 3,946 |
| Balance at 31 March | (200) | (200) |

HRA 4 Capital Expenditure and Financing

The Council spent £17.6M on HRA capital projects in 2015/16 (2014/15 £13.4M). This spending was financed from the following sources:

| Source of finance | 2014/15 £'000 | 2015/16 £'000 |
|---|--------------------------|--------------------------|
| Major repairs allowance | 3,597 | 3,946 |
| Capital expenditure funded from revenue | 9,098 | 9,690 |
| Capital grant | 0 | 852 |
| Capital receipts | 700 | 3,100 |
| Total | 13,395 | 17,588 |

HRA 5 Capital Receipts

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

| Asset type | 2014/15 £'000 | 2015/16 £'000 |
|----------------------------------|--------------------------|--------------------------|
| Sale of Council houses | 2,261 | 3,163 |
| Right-to-buy discount repaid | 0 | 10 |
| Principal repayments on mortgage | 4 | 2 |
| Total | 2,265 | 3,175 |

HRA 6 Interest and Investment Income

| | 2014/15 £'000 | 2015/16 £'000 |
|---------------------------------------|--------------------------|--------------------------|
| HRA investment income | (4) | (2) |
| Interest on cash balances & mortgages | (100) | (61) |
| Total | (104) | (63) |

HRA 7 Depreciation and Impairment

Depreciation and impairment is only charged to the HRA in respect of operational assets. The charges for 2015/16 were as follows:

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| HRA assets- depreciation: | | |
| Council dwellings | 3,515 | 3,864 |
| Other land & buildings | 82 | 82 |
| HRA assets – (revaluation)/impairment: | | |
| Council dwellings | (18,911) | (23,927) |
| Other land & buildings | (31) | 6 |
| Total | (15,345) | (19,975) |

HRA 8 Rent Arrears

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

| | 2014/15 £'000 | 2015/16 £'000 |
|-------------------------------|------------------|------------------|
| Current tenant arrears | 500 | 428 |
| Former tenant arrears | 426 | 482 |
| Gross Rent Arrears | 926 | 910 |
| Bad debt impairment allowance | (514) | (541) |
| Total | 412 | 369 |

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.

| | 2014/15 £'000 | 2015/16 £'000 |
|--|------------------|------------------|
| Current service costs & unfunded (within expenditure) | 766 | 674 |
| Net interest on the net defined benefit liability (asset) | 669 | 364 |
| Net change to income and expenditure account | 1,435 | 1,038 |
| Statement of movement in the HRA balance: | | |
| Reversal of net charges made for retirement benefits | (596) | (583) |
| Employers contribution payable to the scheme (within expenditure) | 839 | 455 |

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 | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2014/15 £'000 | 2015/16 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2014/15 £'000 | 2015/16 £'000 |
| Income | | | | | | |
| Council Tax receivable | (155,249) | (161,182) | 0 | 0 | (155,249) | (161,182) |
| Business rates receivable | 0 | 0 | (78,767) | (75,703) | (78,767) | (75,703) |
| | (155,249) | (161,182) | (78,767) | (75,703) | (234,016) | (236,885) |
| Expenditure | | | | | | |
| Precepts, Demands and Shares: | | | | | | |
| Central Government | 0 | 0 | 38,306 | 40,322 | 38,306 | 40,322 |
| Central Bedfordshire Council | 119,588 | 122,188 | 37,540 | 39,515 | 157,128 | 161,703 |
| Police and Crime Commissioner for Bedfordshire | 14,309 | 14,912 | 0 | 0 | 14,309 | 14,912 |
| Bedfordshire Fire and Rescue Service | 7,996 | 8,333 | 766 | 806 | 8,762 | 9,139 |
| Parishes | 9,806 | 10,154 | 0 | 0 | 9,806 | 10,154 |
| | 151,699 | 155,587 | 76,612 | 80,643 | 228,311 | 236,230 |
| Charges to Collection Fund: | | | | | | |
| Write-offs of uncollectable amounts | 0 | 0 | 163 | 87 | 163 | 87 |
| Increase / (decrease) in bad debt provision | 267 | 612 | 606 | 586 | 873 | 1,198 |
| Increase / (decrease) in appeals provision | 0 | 0 | 538 | (1,573) | 538 | (1,573) |
| NDR cost of collection | 0 | 0 | 314 | 314 | 314 | 314 |
| Disregard Amounts: | | | | | | |
| Renewable Energy | 0 | 0 | 348 | 383 | 348 | 383 |
| Transitional Protection Payments | 0 | 0 | 140 | 227 | 140 | 227 |
| | 267 | 612 | 2,110 | 24 | 2,377 | 636 |
| Central Government | 0 | 0 | (522) | (1,464) | (522) | (1,464) |
| Central Bedfordshire Council | 50 | 1,195 | (512) | (1,434) | (462) | (239) |
| Police and Crime Commissioner for Bedfordshire | 5 | 132 | 0 | 0 | 5 | 132 |
| Bedfordshire Fire and Rescue Service | 3 | 74 | (10) | (29) | (7) | 45 |
| Contributions to previous year's Surplus / (Deficit): | 58 | 1,401 | (1,045) | (2,927) | (987) | (1,526) |
| Surplus / (Deficit) arising during the year | 3,225 | 3,582 | 1,090 | (2,037) | 4,315 | 1,545 |
| Surplus / (Deficit) b/fwd 1 April | 463 | 3,688 | (6,255) | (5,165) | (5,792) | (1,477) |
| Surplus / (Deficit) c/fwd 31 March | 3,688 | 7,270 | (5,165) | (7,202) | (1,477) | 68 |

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 2015/16 the Council Tax base was calculated as follows:

| Tax Band | Property by Band | Weighting Factor | Band D Equivalent 2015/16 | Band D Equivalent 2014/15 |
|--|-------------------------|-------------------------|----------------------------------|----------------------------------|
| A | 9,580 | 6/9 | 6,387 | 6,329 |
| B | 22,742 | 7/9 | 17,688 | 17,569 |
| C | 31,931 | 8/9 | 28,383 | 28,191 |
| D | 21,287 | 9/9 | 21,287 | 20,916 |
| E | 14,629 | 11/9 | 17,880 | 17,667 |
| F | 7,840 | 13/9 | 11,324 | 11,108 |
| G | 4,589 | 15/9 | 7,648 | 7,517 |
| H | 345 | 18/9 | 690 | 678 |
| | 112,943 | | 111,288 | 109,975 |
| Less: other adjustments (discounts / appeals etc.) | | | (16,953) | (19,493) |
| | | | 94,335 | 90,482 |
| Less: Adjustment for collection rate (1%) | | | (943) | 923 |
| Tax Base | | | 93,392 | 91,405 |

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: 2015/16: £132,341,630/93,392 = £1,417.06 (2014/15: £129,393,447/91,405 = £1,415.61).

CF 3 NDR

The total non-domestic rateable value at 31 March 2016 was 202.7M as per the Valuation Office's schedule dated 30 March 2016 (£202.1M in 2014/15).

The 2015/16 national non-domestic rate multiplier set for the year by the Government was 49.3p (48.2p in 2014/15) and 48.0p for small businesses (47.1p in 2014/15).

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 attributable share of Council Tax or NDR due for the year, net of any provision for bad debts.

For 2015/16, the Collection Fund Surplus / (Deficit) at the year-end is split as follows:

| | 31 March 2015 | | | 31 March 2016 | | |
|--|-------------------------|----------------------------|----------------|-------------------------|----------------------------|----------------|
| | £'000 Council Tax | £'000 Business Rates | £'000 Total | £'000 Council Tax | £'000 Business Rates | £'000 Total |
| Central Bedfordshire Council | 3,140 | (2,531) | 609 | 6,190 | (3,529) | 2,661 |
| Central Government | 0 | (2,582) | (2,582) | 0 | (3,601) | (3,601) |
| Police and Crime Commissioner for Bedfordshire | 351 | 0 | 351 | 693 | 0 | 693 |
| Bedfordshire Fire and Rescue Service | 196 | (52) | 144 | 387 | (72) | 315 |
| Total | 3,688 | (5,165) | (1,478) | 7,270 | (7,202) | 68 |

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRAL
BEDFORDSHIRE COUNCIL**

Following completion of the external audit the auditor provide an Opinion on the Authority's financial statements.

ANNUAL GOVERNANCE STATEMENT 2015/16

The approved Annual Governance Statement for the 2015/16 financial year will be published with certified Statement of Accounts in September 2016.

GLOSSARY

Accounting Period The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accruals Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

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

Actuary An independent and appropriately qualified adviser who carries out statutorily required pension fund valuations.

Actuarial Gains and Losses For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- events have not coincided with the actuarial assumptions made for the last valuation; or
- the actuarial assumptions have changed.

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.

Amortisation The routine decrease in value of an intangible asset, or the process of paying off a debt over time through regular payments. A corresponding concept for tangible assets is known as depreciation. The idea of amortisation is to spread the cost of an asset over the period of its 'useful life'.

Asset An item having value to the Council in monetary terms. Assets are categorised as either current or non-current:

- a current asset will be consumed or cease to have material value within the next financial year (e.g., cash and stock);
- a non-current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible, e.g., a community centre, or intangible, e.g., computer software licences.

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 financial affairs.

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.

Balance Sheet A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

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 Reserve 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.

Borrowing Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

Budget The forecast of net revenue and capital expenditure over the accounting period.

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 acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Financing Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

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 schemes the Council intends to carry out over a specified period of time.

Capital Receipt The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by Central Government but they cannot be used to finance revenue 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 an insignificant risk of change in value.

Chartered Institute of Public Finance and Accountancy (CIPFA) The professional 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.

Collection Fund A separate fund that records the income and expenditure relating to Council Tax and Non-Domestic Rates (NDR).

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.

Comprehensive Income and Expenditure Statement The account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

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 contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the 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, based upon the value of domestic property, set by local authorities in order to meet their budget requirement.

Creditor An amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of the accounting period.

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.

Current Value The price that would be received to sell operational property, plant and equipment assets or paid to transfer a liability based on existing use value in an orderly transaction between market participants at the measurement date.

Debtor An amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that 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 salary, and are independent of the contributions payable, and the benefits are unrelated to the performance of the investments of the scheme.

Depreciated Historical Cost The valuation of non-current assets at their original cost less depreciation charged to date.

Depreciated Replacement Cost Relating to non-current assets, the current replacement costs adjusted for depreciation. This method of valuation is used when it is not practical to estimate the open market value for the existing use of a specialised property, such as highways and footpaths.

Depreciation The measure of the wearing out, consumption or other reduction in the useful economic life of the Council's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technological or other changes.

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 fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

Finance Lease A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Under this type of lease, the organisation paying the lease is treated as if it owns the goods and is required to include such finance leased assets on the Balance Sheet.

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 Central 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. Day-to-day transactions are conducted through this account, with the exception of those relating to the Housing Revenue Account, Collection Fund or any other trust funds held by the Council. The accumulated credit balance on the General Fund is needed as a cushion against unforeseen expenditure.

Going Concern The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

Government Grants Grants made by Central Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

Gross Expenditure The total cost of providing the Council's services before deducting income from Central 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 towards meeting certain housing costs administered by local authorities and subsidised by Central Government.

Housing Revenue Account (HRA) A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

Impairment A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

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 belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

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 An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

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 Land or buildings that are held solely for their investment potential, i.e., to earn rental income or for capital appreciation or both.

Lessee The party that leases an asset that is owned by another party.

Lessor The owner of an asset which is leased to another party.

Liability A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g., creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

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 at 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 The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

Minimum Revenue Provision (MRP) The minimum amount which must be charged to the Revenue Account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

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

Net Book Value The amount at which non-current assets are included in the Balance Sheet, i.e., their historical costs 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 yields benefit to the Council for a period of more than one year.

Non-Distributed Costs These are overheads for which no user now benefits and as such are not apportioned to services. An example is the extra pension costs caused by early retirement.

Non-Domestic Rates (NDR) The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by Central Government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of itself, Central Government and major preceptors.

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

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

Operating Lease A lease where the ownership of the fixed asset remains with the lessor. An operating lease is commonly used to acquire equipment on a relatively short-term basis and the lease term is short compared to the useful life of the asset or piece of equipment being leased.

Operational Assets Non-current assets held and occupied, used or consumed by the Council in the pursuit of its strategy and 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 levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

Precepting Authorities Those authorities that are not billing authorities (i.e., do not collect Council Tax) precept upon the billing authority, who then collect on their behalf – Bedfordshire Police Authority, Bedfordshire Fire & Rescue Service and the Parishes that precept upon Central Bedfordshire Council.

Prior Year Adjustment A material adjustment applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

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 An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

Public Works Loan Board (PWLB) A Central Government agency, which provides loans for one year and above to public authorities at interest rates only slightly higher than those at which the Government can borrow itself.

Qualified Valuer A person conducting asset valuations who holds a recognised and relevant professional qualification and has sufficient current local and 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 Parties For the Council's purposes, related parties are deemed to include the Council's Members, the Chief Executive, its Directors and their close family and household members. These are considered to have the potential to control or significantly influence the Council.

Related Party Transactions The Statement of Recommended Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

Reserves The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Capital Adjustment Account cannot be used to meet current expenditure.

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

Residual Value The net realisable value of an asset at the end of its useful life.

Revaluation Reserve This records unrealised net gains from asset revaluations since 1 April 2007.

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 day-to-day expenses of providing services, e.g., salaries, wages, materials, supplies and services.

Revenue Expenditure Funded from Capital under Statute (REFCUS) Expenditure which ordinarily would be revenue, but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

Revenue Support Grant (RSG) A grant paid by Central Government to local authorities, contributing towards the general cost of their services.

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 payment flows originally allowed for in the approved Capital Programme.

Stocks Items of raw materials and stores the Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

Trust Funds Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

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 either fund new capital expenditure or repay any outstanding debt on fixed assets.

Useful Economic Life The period over which the Council will derive benefits from the use of a non-current asset.

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 public sector bodies.

Write-off 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:

Chief Finance Officer
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Priory House
Monks Walk
Chicksands
Shefford
Bedfordshire
SG17 5TQ

By telephone: 0300 300 6147 or 5206 (c/o Anthony Dodridge, Finance Manager)

By email: anthony.dodridge@centralbedfordshire.gov.uk
 maria.fuller@centralbedfordshire.gov.uk

For general enquiries of the Council please contact:

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 Monks Walk, Chicksands, Shefford, Bedfordshire SG17 5TQ

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