Assumptions made about the future and other major sources of uncertainty

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Depreciation and amortisation are provided for Property, Plant and Equipment and Intangible Assets respectively. This enables the assets to be written down over their estimated useful lives and show an appropriate cost of the asset in the Comprehensive Income and Expenditure Statement. Management judgment based on independent external advice is used to determine the useful economic lives of the Council's Property.	If the useful life of assets are reduced, depreciation increases and the carrying amount of the assets falls. No material changes are expected to depreciation levels in the short term.
Property, Plant and Equipment	Property, Plant Equipment are reviewed for both economic and price impairment on an annual basis. As at 1 April each year the Council's valuers carry out a valuation review of the Council's assets. In addition a year-end impairment review is also undertaken. The recoverable amount is then estimated having regard to the application of the concept of materiality.	If an asset is impaired the carrying amount of the asset is reduced. 8.5% of the Council's operational Property, Plant & Equipment are valued at fair (market) value. This excludes the HRA housing stock which is valued at social usage value. Of the market valued assets a valuation impairment would equate to a reduction in the Council's net worth.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase in the long term, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are completed by the Essex County Council Fund Actuaries.	The effect on net pensions of changes in individual assumptions can be measured. For instance: A decrease in the discount rate assumption would result in an increase in pension liability. An increase in member life expectancy would result in an increase in pension liability. A increase in salaries would result in an increase in pension liability. An increase in the pension rate would result in an increase in pension liability.
Arrears	At 31 March 2014, the Council had a balance of £11m for debtors. A review of balances suggested that an impairment of doubtful debts of £1.5m was appropriate.	If collection rates were to deteriorate and sundry debt increased with the same debt profile, an additional contribution would be required to be set aside as an allowance. This is deemed non material for the Council's accounts.

| NNDR Appeals | At 31 March 2014, the Council recognised a provision of £4.6m representing its share of expected liabilities in respect of business rates appeals lodged at the balance sheet date. | The value of appeals recognised in the provision are based on a calculation provided by our external valuers Wilks, Head & Eve LLP. This determines the likely effect of appeals in terms of effect on rateable value (RV), the timing of the losses expected and the overall percentage reduction in RV. Whilst the figure provided in the accounts is expected to be materially accurate a small variance in actual appeal costs incurred may arise. Furthermore, for appeals not lodged at the balance sheet date it is expected that the contingent liability disclosure (in section 15 of the notes to the core financial statements) should provide an accurate assessment of the additional uncertainties which the authority has determined as at the balance sheet date. |