



Draft Statement of Accounts 2014/15

Uttlesford District Council



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EXPLANATORY FOREWORD

1. INTRODUCTION

- 1.1 Uttlesford District Council is a local authority providing services within the administrative district of Uttlesford, north-west Essex. The district is mainly rural and comprises the main towns of Saffron Walden, Great Dunmow, Stansted Mountfitchet and Thaxted, with 60 parishes. It is geographically the largest district in Essex, and has a population of approximately 80,000.
 - 1.2 The key services and activities of the Council are the provision of council housing, refuse collection & recycling, litter picking, planning, building control, environmental health, housing and council tax benefits, Council Tax and Business Rates collection, off street car parking, communities and voluntary sector support, leisure centres, museum and licensing. Other key local authority services such as schools and roads are provided by Essex County Council. For more information about Uttlesford District Council please visit the Council's website at www.uttlesford.gov.uk.
 - 1.3 This Statement of Accounts presents the financial results of the Council's activities for the year ended 31 March 2015, and summarises the overall financial position of the Council as at 31 March 2015. This foreword provides a guide to the significant matters reported in these accounts.
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2. THE ACCOUNTING STATEMENTS

- 2.1 The Council is required by law to complete its accounts in line with the CIPFA Code of Practice on Local Authority Accounting and constitutes a 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003.
- 2.2 The Code is based upon International Financial Reporting Standards (IFRS). The Code reconciles IFRS with the statutory local government finance framework. This is necessary because there are material differences between what IFRS states should be included in the accounts, and what legislation states should be financed by a local authority and local council taxpayers. There are many entries in the accounts, particularly within the "Comprehensive Income and Expenditure Statement", which are included as notional items for presentational purposes, and then "reversed out" via the "Statement of Movement in Reserves" so that the bottom line financial performance is consistent with statutory requirements.
- 2.3 This Explanatory Foreword sets out the key issues and is intended to give the reader an insight into the Council's financial performance during 2014/15.
- 2.4 The following are summary definitions of the core financial statements:

Movement in Reserves Statement (page 1)

This statement shows the movement in the year on the different reserves held by the Council, analysed into "usable reserves" (those that can be used to fund expenditure) and "unusable reserves" (those kept to manage the accounting process). The "(surplus)/deficit on the Provision of Services" line shows the true economic cost of providing the Council's services, details of which are shown in the Comprehensive Income and Expenditure Statement (see next page).

Adjustments between the accounting basis of measuring cost and the statutory basis are shown, to derive a net increase/decrease in usable and unusable reserves.

Comprehensive Income and Expenditure Statement (page 3)

This statement shows the cost of providing services in accordance with accounting rules, rather than the statutory amounts to be funded from taxation. Expenditure is categorised under standard headings that differ from the actual operational structure of the Council.

Balance Sheet (page 4)

This statement is fundamental to the understanding of the Council's financial position at the year-end. It shows the value as at 31 March of the Council's assets and liabilities. The Council's net assets (i.e. assets less liabilities) are matched by reserves held by the Council, analysed between Usable Reserves (available to spend) and Unusable Reserves (accounting items, not available to spend).

Cash Flow Statement (page 5)

This statement shows the changes in the cash flow position of the Council during the financial year, and sets out the sources of funds and what they are spent on.

Prior Period Adjustments

There are no prior period adjustments for 2014/15

Notes to the Core Financial Statements (page 6 – 63)

These provide additional supporting information to the figures included within the core financial statements.

Housing Revenue Account (HRA) Comprehensive Income and Expenditure Account (page 64)

The HRA fulfils the statutory requirement to maintain a separate revenue account for local authority social housing provision. This statement shows in more detail the income and expenditure on HRA services included as a one line summary in the Comprehensive Income and Expenditure Account.

Collection Fund (page 70)

This shows the transactions of the Council as a billing authority relating to Council Tax and Business Rates, and shows how these have been distributed between precepting local authorities and Central Government.

3. SIGNIFICANT MATTERS IN THE ACCOUNTS

3.1 The Council's financial position as at 31 March

As shown on the Balance Sheet, the Council's net assets increased by £35.1 million during the year, from £153.3 million to £188.4 million. The key movements are summarised below.

£m	31 March 2014	31 March 2015	Increase / (Decrease) in Net Assets	See Note Below
Long Term Assets	262.4	299.1	36.7	a
Current Assets	33.0	28.9	(4.1)	b
Current Liabilities	(19.9)	(12.3)	7.6	c
Long Term Liabilities	(122.3)	(127.4)	(5.1)	d
Net Assets	153.3	188.4	35.1	

a) Long Term Assets

Long Term Assets are items that the Council uses to provide economic benefits over a long period, with associated costs expensed to the Comprehensive Income and Expenditure Statement over the economic life of the asset concerned. These assets provide services such as land and buildings, plant, vehicles and equipment, and computer software. Also included is the value of uncompleted building projects, for example new council housing.

Each asset is recorded on the balance sheet according to an estimate of its value; assets are valued at their fair market value. Because of variable factors like property prices or the condition of an asset, values can fluctuate.

During 2014/15, the value of the Council's Long Term assets increased (£36.7m). The main factor attributed to this is the re-valuation of the Housing Stock and Land & Other Buildings, giving an overall increase in the balance sheet asset values (£36.6m). There were also additions to the housing stock (£4.8m), disposals of assets (£4.3m) and a net charge to depreciation (£4.2m). Assets under Construction have increased by £2.7 million of which an element is in the Housing Revenue Account (£1.8m) and is directly linked to the housing investment strategy as part of the continuing self-financing action plan. The remaining movement relates to various smaller projects within the General Fund Budget. Full details are set in Table 7.1 on page 26.

A transfer of assets has taken place in 2014/15 which relates to eight units of dedicated Temporary Accommodation from the Housing Revenue Account to the General Fund. Four of the units are assets under construction from the Mead Court site in Stansted and four units into Other Land and Buildings from Burnt House Villas in Takeley.

b) Current Assets

Current assets are items that can be converted to cash or used to pay current liabilities within 12 months, and comprise bank balances, stock, debtors (money owed to the Council) and short term investments. The net decrease of £4.1 million is due to the following:

- Debtors in 2013/14 included collection fund balances (£10.6m) primarily relating to the safety net payment from Central Government (£3.4m), and Collection Fund agency (Central Government, Essex CC, Essex FA) balances (£7.2m), these balances are made up of the agency share of NNDR arrears, the cumulative deficit (£6.6m) and Council Tax arrears (£0.6m). In 2014/15 this Collection Fund element (£10.6m) itemised above has been extinguished with the Safety Net debtor (£3.4m) settled by Central Government, and the remaining balance (£7.2m) reclassified within Creditors in accordance with correct accounting practice to net off Collection Fund agency balances for debtors/creditors.
- The debtors balance relating to accruals/prepayments has also decreased by £0.5m (mainly due to the Housing Benefit subsidy debtor being substantially lower for 2014/15) with the balance of minor items (including other Collection Fund) totalling a further £0.3m.
- An increase of £7.5 million in short term investments is due to a healthier cash flow position. The material movements were an increase in Council Tax income (£1.5m), increase in the collection of NNDR income (£0.5m), increase in rental income (£0.4m), increase in New Homes Bonus (£0.7m) and the Safety Net payment related to 13/14 but received in 14/15 (£3.4m).
- The balance of the movement is made up of various minor items totalling £1.1m, including a reduction in the Housing Benefit Subsidy debtor (£0.5m) and a decrease in cash in the Council's bank account at year end (£0.3m).

c) Current Liabilities

Current Liabilities represent monies the Council owes to other parties that are due for payment within one year. During 2014/15 the current liabilities has a net decrease of £7.6 million and the key movements are detailed below:

- A decrease of £5.5m relates to the Collection Fund, of which the largest element relates to the NNDR including the agency share of creditors decrease (£4.1m), and a £1m levy payment increase which is offset by a substantial reduction in the appeals provision share giving an overall net reduction (£0.7m). A decrease relating to the Council Tax arrears (£0.6m) has been netted off this balance for 14/15 in accordance with correct accounting practice for Collection Fund agency accounting. For Council Tax the agency share of the cumulative surplus owing has also reduced (£0.8m) due to precept payments made in the year.
- A net decrease of relating to non-specific creditor liabilities (£1.0m) reflects timings of income receipted, accruals and prepayments, and is due to processing dates and tighter deadlines.
- A decrease in short term provisions (£1.0m) is the reduction in the Council's contribution towards refunds to business ratepayers upon determination of their appeals against rateable values by the Valuation Office.

d) Long Term Liabilities

Long Term Liabilities increased by £5.1 million, the main area of the increase relates to the Council's share of the Essex Pension Fund deficit (£5.2m), with other minor decreases in Deferred Liabilities and Grants Receipts in Advance of (£0.1m).

The Pension Fund is administered by Essex County Council in accordance with the national local government pension scheme rules, working with an independent actuarial adviser. Uttlesford District Council has no control over the administration of the Fund.

The Pension Fund deficit comprises actuarial estimates of the Fund's assets and long term liabilities.

During 2014/15 the actuarial estimate of the Fund's asset values increased (£7.3m), with the actuarial estimate of the Fund's liabilities also increasing in year (£12.5m). The combined effect of these changes has increased the deficit by £5.2 million. The continued strong performance of the investment markets has continued with an increase of 5% on the Funds return on assets from 9% to 14%. This combined with the Council making a 3 year deficit payment in advance, have achieved a positive outcome on the increased value of the Councils share of the fund's assets.

The key influence on the increase of the level of the fund's liabilities is the discount rate applied which has fallen from 4.4% to 3.2%. This has been a consistent theme in recent years as IAS 19 requires the Actuary to base the discount rate on the yields of high quality bonds, the effect of this is as discount rates fall our liabilities increase.

The Council is not required to set aside funds to meet this liability; instead the Council will make annual payments into the Pension Fund at a rate determined by the Fund's independent actuarial adviser. Pension scheme reforms to reduce liabilities continued to be implemented, including higher employee contributions, later retirement ages and lower pensions.

The bulk of the Long Term Liabilities figure, £88.4 million represents money that the Council was obliged to borrow from Government in 2011/12 as part of council housing finance reforms. The first £2 million out of the £88.4 million becomes due for repayment in 2017/18.

4. KEY RESULTS OF THE FINANCIAL YEAR

The following is a summary of the key operational financial results for 2014/15. Results are compared with the Council's budget. The figures shown are direct costs and income only, rather than the accounting basis used to produce figures for the Core Financial Statements. However the "bottom line" results are consistent with the movement in usable reserves shown in the accounts.

For further information, please see the detailed outturn report approved by the Cabinet on 18 June 2015. www.uttlesford.gov.uk

4.1 GENERAL FUND

Total General Fund reserves available to spend have decreased by £0.151 million, from £7.963 million to £7.812 million.

	31 March 2014	31 March 2015	Net increase/ (Decrease)
	£m	£m	£m
Working Balance	1.214	1.282	0.068
Earmarked Reserves	6.749	6.530	(0.219)
Subtotal – Reserves available to spend	7.963	7.812	(0.151)
Business Rates Ring fenced Reserve	4.423	3.670	(0.753)
Total General Fund Reserves	12.386	11.484	(0.904)

Net Operating Expenditure was £4.845million, which was £0.153 million below the budget, as summarised in the table below.

	Budget	Outturn	Variance from revised budget
	£m	£m	£m
Service & corporate budgets	11.148	10.483	(0.665)
Government funding	(4.871)	(4.726)	0.145
Local share of business rates	(1.279)	(0.912)	0.367
Net Operating Expenditure	4.998	4.845	(0.153)
Decrease in General Fund Reserves	(0.303)	(0.170)	0.133
Net Budget Requirement	4.695	4.675	(0.020)

After allowing for transfers to earmarked reserves, the bottom line represented a net underspend of £0.020 million, which is added to reserves. This figure, along with the £0.238 million of transfers from reserves during the year, amount to a decrease in General Fund earmarked reserves of £0.218 million.

Key variances from budgeted Net Operating Expenditure are set out below:

Details of Variances	Variance favourable (-) / adverse
Public Health net of additional food inspection income and associated costs	(0.217)
Local Tax Collection, reduction in bad debt requirement and increase in court costs recovered	(0.143)
Community Safety PCSO's not funded for 2014/15 and ASBO post transferred to Housing Revenue Account	(0.122)
Economic Development reduction in consultancy carried forward to 2015/16	(0.074)
Street Services Management - Staffing restructure savings	(0.114)
Legal Services - increased income relating to S106 work and court costs	(0.105)
Revenue contributions to capital financing	0.361
Net impact of market changes relating to recyclable contract and income	0.227
IT investment in disaster recovery and communications	0.113
Net of minor changes	(0.079)
Net Favourable Variance	(0.153)

4.2 HOUSING REVENUE ACCOUNT (HRA)

2014/15 was the third year of the new HRA self-financing arrangements, following a major reform that took place at the end of 2011/12. Under the new arrangements, the Council has a large operating surplus available to repay a share of national housing debt it was required to take on, to make investments in new council housing, and improvements to existing stock.

The HRA is governed by a Business Plan, approved and overseen by the Council's Housing Board. The Business Plan sets out priorities for improving existing housing stock, and identifies sites for redevelopment and new build council housing.

During 2014/15, total HRA reserves increased by £2.117 million, from £3.372 million to £5.489 million:

	31 March 2014	31 March 2015	Net increase /(decrease)
	£m	£m	£m
HRA Working Balance	0.680	0.463	(0.217)
Capital projects (committed)	1.223	3.537	2.314
Potential development projects	0.800	0.800	-
Major Repairs	0.091	0.131	0.040
Sheltered Housing	0.318	0.318	-
Change Management	0.200	0	(0.200)
Transformation Reserve	0	0.180	0.180
Revenue projects	0.060	0.060	-
Total HRA Reserves	3.372	5.489	2.117

The Operating Surplus was £3.374 million, which was £0.014 million higher than the budgeted surplus of £3.360 million. From the Operating Surplus of £3.374 million, £1.297 million was used to finance capital projects, leaving a bottom line surplus of £2.314 million. This was added to the Capital Projects Reserve, to fund future housing projects and improvements.

Housing Revenue Account	Budget	Outturn	Variance from Revised Budget
	£m	£m	£m
Income	(15.390)	(15.562)	(0.172)
Expenditure	12.030	12.188	0.159
Operating Surplus	(3.360)	(3.374)	(0.014)
Funding of capital projects	3.244	1.297	(1.947)
Transfers (to)/from reserves	0.116	(0.237)	(0.353)
Surplus for year	0.00	(2.314)	(2.314)

Key variances from the budgeted Operating Surplus are set out below:

	Variance Favourable (-) / adverse
	£m
Capital Programme Slippage from 14/15 to 15/16	(1.947)
Capital Projects Reserve drawdown not required	(0.353)
Impairment Accounting adjustment to housing stock	(0.297)
Rent Collection better than budgeted	(0.172)
Bad Debt provision reduced (decrease in rent arrears)	(0.104)
Increased requirement for repairs to housing stock	0.675
Net of minor variances	(0.116)
Net favourable variance	(2.314)

4.3 CAPITAL PROGRAMME

Total capital expenditure was £8.480 million, which was £0.116 million below the revised budget after allowing for slippages.

Capital Programme	Budget	Slippage	Revised Budget	Outturn	Variance from Revised Budget
	£m	£m	£m	£m	£m
General Fund schemes	2.419	(1.169)	1.250	1.740	0.490
Housing Revenue Account schemes	9.797	(2.451)	7.346	6.740	(0.606)
Total Capital Expenditure	12.216	(3.620)	8.596	8.480	(0.116)

Capital Expenditure was financed by external grants and contributions, the HRA Major Repairs Allowance, revenue contributions, capital receipts and internal borrowing. No external borrowing was required in the year.

5. MAJOR INFLUENCES ON THE COUNCIL'S INCOME, EXPENDITURE AND CASH FLOW

5.1 The following are the major influences on the Council's income:

- Government funding through the Local Government Finance Settlement (Revenue Support Grant and the Business Rates Retention Scheme) is determined by central government. The annual change in funding is a major factor affecting the financial health of the Council. Major reforms to this system were implemented on 1 April 2013, which involve the Council taking a greater share of the risks and opportunities arising from changes in the amount of business rates collected. The Council's share of the Local Government Finance Settlement has reduced sharply in recent years, in line with cuts in Government spending. For the four financial years from 2011/12 to 2014/15, the Council has lost approximately 26% of this funding, and the Government has indicated further cuts will be made from 2015/16 and continuing into future years. The Council maintains a Medium Term Financial Strategy and contingency reserves so that it can adjust to the lower funding levels without significant disruption to its key services. There are no risks to the Council's financial stability in the short to medium term, but the longer term outlook is more challenging.
- Local Business Rates (LBR) Income. Under the previous system, 100% of all business rates income collected was handed over to central government. There was no interaction with the Council's General Fund. Under the new LBR system, 40% of the business rates income collected are retained by the district council, this income is now included in the base budget. In addition the government has set a level of business rates funding deemed to be applicable to each area and every Council receives a top-up (if business rates collected are below this deemed level of funding) or pays a tariff/levy (if business rates collected are above this deemed level of funding).

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It was identified in 2013/14 that the Council was exposed to significant liabilities arising from the backlog of appeals lodged by businesses against their rateable values. Although the risk continues in 2014/15, there has been guidance and changes in legislation which have reduced this risk. Appeals are determined by the Valuation Office and are outside of the Council's control. Measuring the size of the appeals refund risk is a complex task and is subject to detailed external audit.

The Council commissioned an independent rating valuations expert (Analyse Local) to audit its appeals list and advise on the level of refund liability risk. This advice was that the Council should provide for liabilities totalling £9.2 million in 2014/15, a reduction from 2013/14 of £2.3 million. The UDC share of the liability, at 40% would be £3.7 million, a reduction of £0.9 million from 2013/14; this is detailed in table 10.2 page 33.

- Government funding through other non-specific grant regimes, such as New Homes Bonus and Council Tax Freeze Grant, has the potential to improve the Council's financial position. Accordingly such income is difficult to predict and therefore prudent assumptions are used in the medium term financial strategy.
- In respect of Council Tax the annual precept is determined by the Council but constrained by central government referendum limits and local public opinion. The yield from Council Tax is also affected by the growth in the number of households in the district, variations to discounts payable, and collectability of unpaid debts. The Council acts as a billing authority and collects Council Tax on behalf of itself, Essex County Council, Essex Police Authority, Essex Fire Authority and Town/Parish Councils. The share of the average Council Tax bill retained by the Council is approximately 10%.
- Fees & charges e.g. car park charges, garden waste income, planning fees. The amount of income received depends on market factors such as demand and price levels and effectiveness of income collections. Wider economic factors such as recessionary pressures can directly affect sources of income such as planning fees, building control fees and land charges.
- Specific government grants e.g. benefits subsidy. The amount received depends on performance and the amount of expenditure eligible for subsidy by grant.
- Rents & Service Charges (Housing Revenue Account only). The annual increase is determined by the Council within guidelines issued by central government. The amount of income depends on the number of dwellings, performance in re-letting empty properties and collectability of debt.

5.2 The following are the major influences on the Council's expenditure:

- Employee costs including salaries, national insurance and pensions costs – the level of expenditure depends on the staffing establishment, annual pay increases (determined at a national level) and the Council's employer pension contribution, determined by Essex County Council as administering pensions authority. The council employed a total of 344 employees which equated to 303.95 full time equivalents as at the 31 March 2015 (357 employees, 315.83 fte as at 31 March 2014). This decrease in employees is due in the main to efficiencies within Street Services with a reduction of 8 employees and the remainder is efficiencies across the whole organisation.
- Premises costs including energy costs, rates and building maintenance – the level of expenditure depends on the condition of property, maintenance programmes, energy consumption and price variability.

- Transport costs including fuel and vehicle maintenance – the level of expenditure varies according to the level of service activity, condition of vehicles and price variability.
- Supplies & services expenditure varies according to contractual indexation, level of service activity, price variability and effectiveness of procurement procedures.
- Transfer payments such as Housing Benefit and Local Council Tax Support – the level of expenditure varies according to the number of people entitled to receive benefit and levels of housing benefit and council tax benefit due under government rules. Wider economic factors such as recessionary pressures have a direct effect on the number of people receiving benefit.
- Capital financing costs – the amount depends on the size of the capital programme and the methods of financing, in particular the amount of borrowing and use of finance leases.

5.3 The following are the major influences on the Council's cash flow:

- Timing of payments including length of time taken to pay suppliers' invoices.
- Receipt of income including effectiveness of debt recovery.
- Schedule of payment dates relating to amounts payable to precepting authorities and central government.

6. THE FINANCIAL NEEDS AND RESOURCES OF THE COUNCIL

6.1 The Council requires financial resources to deliver its corporate priorities, statutory obligations and discretionary services. For a detailed explanation of how the Council's budget is aligned to its priorities, and a forecast of the resources required over the next few years, please refer to the Council's Medium Term Financial Strategy, available on the Council's website and from the contact details given in Section 8 of this document.

7. AUDIT OF ACCOUNTS

7.1 These accounts are published following completion of the audit by the External Auditor, EY (see Auditor's Report on page 101).

8. FURTHER INFORMATION

8.1 The Council produces a detailed Budget Book, which sets out the financial plans for the following financial year. A copy of this may be obtained by contacting Angela Knight, Assistant Director - Finance, at Uttlesford District Council, Council Offices, London Road, Saffron Walden, CB11 4ER. Email: aknight@uttlesford.gov.uk

Website: <http://www.uttlesford.gov.uk/finance>



Adrian Webb
Director of Finance and Corporate Services
Section 151 Officer

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance and Corporate Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts (by delegation to the Performance and Audit Committee)

THE DIRECTOR OF FINANCE AND CORPORATE SERVICES – FINANCE'S RESPONSIBILITIES

The Director of Finance and Corporate Services is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code').

In preparing this Statement of Accounts, the Director of Finance and Corporate Services has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority 'Code'.
- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of Uttlesford District Council as at 31 March 2015 and its Income and Expenditure for the year ended 31 March 2015.

Signature:



Adrian Webb
Director of Finance and Corporate Services

Date: 12th June 2015

APPROVAL OF THE ACCOUNTS

I confirm that the Statement of Accounts was approved by a resolution of the Performance & Audit Committee on 25th September 2015.

Signature:

Councillor Edward Oliver
Chairman Performance & Audit Committee
Uttlesford District Council

Date: 25th September 2015

CORE FINANCIAL STATEMENTS**Movement in Reserves 2014/15**

	General Fund Balance	Earmarked GF Reserves	HRA Balance	Earmarked HRA Reserves	Major Repairs Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2014	(1,214)	(11,172)	(680)	(2,601)	(91)	(1,259)	(1,929)	(18,946)	(134,402)	(153,348)
(Surplus) or Deficit on provision of services (accounting basis)	(1,209)	-	(13,619)	-	-	-	-	(14,828)	-	(14,828)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(20,198)	(20,198)
Total Comprehensive Income and Expenditure	(1,209)	-	(13,619)	-	-	-	-	(14,828)	(20,198)	(35,026)
Adjustments between accounting basis & funding basis under regulations (Note 1.1)	2,114	-	11,542	-	(41)	(603)	1,475	14,487	(14,487)	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	905	-	(2,077)	-	(41)	(603)	1,475	(341)	(34,685)	(35,026)
Transfers to / (from) Reserves	(973)	973	2,294	(2,294)	-	-	-	-	-	-
(Increase) / Decrease in Year	(68)	973	217	(2,294)	(41)	(603)	1,475	(341)	(34,685)	(35,026)
Balance at 31 March 2015	(1,282)	(10,199)	(463)	(4,895)	(132)	(1,862)	(454)	(19,287)	(169,087)	(188,374)

Movement in Reserves 2013/14

	General Fund Balance	Earmarked GF Reserves	HRA Balance	Earmarked HRA Reserves	Major Repairs Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2013	(1,214)	(4,905)	(680)	(2,283)	-	(885)	(2,517)	(12,484)	(132,586)	(145,070)
(Surplus) or Deficit on provision of services (accounting basis)	1,719	-	(1,971)	-	-	-	-	(252)	-	(252)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(8,026)	(8,026)
Total Comprehensive Income and Expenditure	1,719	-	(1,971)	-	-	-	-	(252)	(8,026)	(8,278)
Adjustments between accounting basis & funding basis under regulations (Note 1.1)	(8,063)	-	1,653	-	(91)	(374)	665	(6,210)	6,210	-
Net Increase / Decrease before Transfers to Earmarked Reserves	(6,344)	-	(318)	-	(91)	(374)	665	(6,462)	(1,816)	(8,278)
Transfers to / (from) Reserves	6,344	(6,267)	318	(318)	-	-	(77)	-	-	-
(Increase) / Decrease in Year	-	(6,267)	-	(318)	(91)	(374)	588	(6,462)	(1,816)	(8,278)
Balance at 31 March 2014	(1,214)	(11,172)	(680)	(2,601)	(91)	(1,259)	(1,929)	(18,946)	(134,402)	(153,348)

Comprehensive Income and Expenditure Statement

Gross Expenditure	Gross Income	Net Expenditure (restated)		Note Reference	Gross Expenditure	Gross Income	Net Expenditure
2013/14 £'000	2013/14 £'000	2013/14 £'000			2014/15 £'000	2014/15 £'000	2014/15 £'000
2,337	(900)	1,437	Central Services to the Public		2,520	(1,111)	1,409
2,851	(846)	2,005	Cultural and Related Services		3,295	(841)	2,454
5,975	(2,899)	3,076	Environmental & Regulatory Services		5,977	(3,109)	2,868
2,775	(1,748)	1,027	Planning Services		3,160	(1,587)	1,573
408	(1,020)	(612)	Highways, Roads & Transport Services		1,044	(1,018)	26
9,286	(14,683)	(5,397)	Housing Revenue Account		(958)	(16,101)	(17,059)
19,310	(17,635)	1,675	Other Housing Services		18,668	(17,520)	1,148
402	(140)	262	Adult Social Care		390	(134)	256
1,878	(2)	1,876	Corporate and Democratic Core		1,937	-	1,937
110	-	110	Non-Distributed Costs		209	-	209
45,332	(39,873)	5,459	Cost of Services		36,242	(41,421)	(5,179)
		4,657	Other Operating Expenditure	5.1			2,589
		4,243	Financing & Investment Income and Expenditure	5.2			4,113
		(14,611)	Taxation and Non-Specific Grant Income	5.3			(16,351)
		(5,711)	Corporate Amounts				(9,649)
		(252)	(Surplus)/Deficit on Provision of Services				(14,828)
		(1,029)	Surplus on Revaluation of Non-Current Assets				(24,929)
		(6,962)	Actuarial (Gains)/Losses on Pension Assets /Liabilities				4,731
		(35)	Other Movements in Usable/Unusable Reserves				-
		(8,278)	Total Comprehensive Income and Expenditure				(35,026)

Balance Sheet

31 March 2014 (restated) £'000		Notes	31 March 2015 £'000
260,952	Property, Plant and Equipment	7.1	297,629
278	Heritage Assets	7.3	386
418	Intangible Assets	6.1	237
847	Long Term Debtors	18.6	898
262,495	Total Long Term Assets		299,150
18,000	Short Term Investments	18.1	25,500
94	Inventories	9.1	53
14,179	Short Term Debtors	9.2 - 9.3	2,874
764	Cash and Cash Equivalents	9.5	478
33,037	Total Current Assets		28,905
(14,870)	Short Term Creditors	10.1	(8,277)
(5,004)	Short Term Provisions	10.2	(4,041)
(19,874)	Total Current Liabilities		(12,318)
(88,407)	Long Term Borrowing	18.2	(88,407)
(5,169)	Deferred Liabilities	11.2	(5,063)
(2,381)	Grants Receipts in Advance	11.3 - 11.4	(2,359)
(26,353)	Pension Scheme Liability	3.5	(31,534)
(122,310)	Total Long Term Liabilities		(127,363)
153,348	Total Net Assets		188,374
	Represented by:-		
18,946	Usable Reserves	2.1 - 2.4	19,287
134,402	Unusable Reserves	3.1 - 3.6	169,087
153,348	Total Reserves		188,374



Adrian Webb
 Director of Finance and Corporate Services
 Section 151 Officer
 12th June 2015

Cash Flow Statement

2013/14 £'000		2014/15 £'000	Notes
252	Net surplus/(deficit) on the provision of services	14,828	Page 3
14,716	Adjustments to net surplus/(deficit) on the provision of services - non cash movements	(2,625)	
(2,843)	Adjust for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities	(4,020)	
12,125	Net cash flows from operating activities	8,183	13.1
(12,820)	Net cash flows from investing activities	(12,076)	13.2
(2,593)	Net cash flows from financing activities	3,607	13.3
(3,288)	Net (decrease) in cash and cash equivalents	(286)	
4,052	Cash and cash equivalents at the beginning of the reporting period	764	13.4
764	Cash and cash equivalents at the end of the reporting period	478	13.4

The Cash Flow Statement has been prepared using the indirect method in accordance with IAS 7.

SECTION A – NOTES TO THE CORE FINANCIAL STATEMENTS**1.0 – Movement in Reserves**

1.1 – Movement in Reserves Statement – Adjusting between Accounting and Funding Basis under Regulations 2014/15

2014/15	General Fund Balance	HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Movement Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Adjustments involving the CAA</u>						
Charges for depreciation and impairment on non-current assets	(2,352)	7,349	-	-	-	(4,997)
Amortisation of Intangible Assets	(128)	(8)	-	-	-	136
Revenue expenditure funded from capital under statute	(1,724)	(34)	-	-	-	1,758
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	(124)	(1,404)	-	-	-	1,528
Statutory provision for financing capital investment	467	-	-	-	-	(467)
Capital expenditure charges against the General Fund and HRA balances	1,652	1,297	-	-	-	(2,949)
<u>Adjustments involving the Capital Grants Unapplied Account</u>						
Application of grants to capital financing from unapplied reserves	-	-	-	-	2,356	(2,356)
Capital grants and contributions that have been credited to the CI&E	2,292	-	-	-	(881)	(1,411)
<u>Adjustments involving the Capital Receipts Reserve</u>						
Transfer of sale proceeds credited as part of the gains/losses on disposal to the CI&E	176	1,551	(1,727)	-	-	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	730	-	-	(730)
Contribution from Capital Receipts Reserve towards administrative costs of non-current asset disposal	-	(16)	16	-	-	-
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	-	(378)	378	-	-	-

Movement in Reserves Statement – Adjusting between Accounting and Funding Basis under Regulations 2014/15 (continued)

2014/15	General Fund Balance	HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Movement Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Adjustments involving the Major Repairs Reserve</u>						
Additions to Major Repairs Reserve to finance new capital expenditure	-	3,268	-	(3,268)	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	3,227	-	(3,227)
<u>Adjustments involving the Pension Reserve</u>						
Reversal of items relating to post-employment benefits debited or credited to the surplus or deficit on the provision of services in the CI&E	(2,424)	(523)	-	-	-	2,947
Employers pension contributions and direct payments to pensioners payable in year	2,055	441	-	-	-	(2,496)
<u>Adjustments involving the Collection Fund Adjustment Account</u>						
Amount by which net collection fund income debited/credited to the comprehensive income and expenditure statement is different from c/tax income calculated for the year in accordance with statutory requirements	2,229	-	-	-	-	(2,229)
<u>Adjustments involving the Accumulated Absences Account</u>						
Adjustments in relation to short term compensated absences	(5)	(1)	-	-	-	6
Other Adjustments	-	-	-	-	-	-
Total Adjustments	2,114	11,542	(603)	(41)	1,475	(14,487)

Movement in Reserves Statement – Adjusting between Accounting and Funding Basis under Regulations 2013/14

2013/14	General Fund Balance £'000	HRA Balance £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Reserve £'000	Movement Unusable Reserves £'000
<u>Adjustments involving the CAA</u>						
Charges for depreciation and impairment on non-current assets	(1,207)	(3,809)	-	-	-	5,016
Amortisation of Intangible Assets	(119)	(17)	-	-	-	137
Revenue expenditure funded from capital under statute	(2,770)	(42)	-	-	-	2,812
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	(1,855)	(918)	-	-	-	2,773
Statutory provision for financing capital investment	1,313	-	-	-	-	(1,313)
Capital expenditure charges against the General Fund and HRA balances	328	2,862	-	-	-	(3,191)
<u>Adjustments involving the Capital Grants Unapplied Account</u>						
Application of grants to capital financing from unapplied res	-	-	-	-	2,605	(2,605)
Capital grants and contributions that have been credited to the CI&E	1,873	67	-	-	(1,940)	-
<u>Adjustments involving the Capital Receipts Reserve</u>						
Transfer of sale proceeds credited as part of the gains/losses on disposal to the CI&E	19	857	(876)	-	-	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	135	-	-	(135)
Contribution from Capital Receipts Reserve towards administrative costs of non-current asset disposal	-	(34)	34	-	-	-
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	-	(346)	346	-	-	-

Movement in Reserves Statement – Adjusting between Accounting and Funding Basis under Regulations 2013/14 (continued)

2013/14	General Fund Balance £'000	HRA Balance £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Reserve £'000	Movement Unusable Reserves £'000
<u>Adjustments involving the Major Repairs Reserve</u>						
Additions to Major Repairs Reserve to finance new capital expenditure	-	3,291	-	(3,291)	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	3,200	-	(3,200)
<u>Adjustments involving the Pension Reserve</u>						
Reversal of items relating to post-employment benefits debited or credited to the surplus or deficit on the provision of services in the CI&E	(2,615)	(505)	-	-	-	3,120
Employers pension contributions and direct payments to pensioners payable in year	1,303	248	-	-	-	(1,551)
<u>Adjustments involving the Collection Fund Adjustment Account</u>						
Amount by which net collection fund income debited/credited to the comprehensive income and expenditure statement is different from c/tax income calculated for the year in accordance with statutory requirements	(4,329)	-	-	-	-	4,329
<u>Adjustments involving the Accumulated Absences Account</u>						
Adjustments in relation to short term compensated absences	(4)	(1)	-	-	-	5
Other Adjustments	-	-	(13)	-	-	13
Total Adjustments	(8,063)	1,653	(374)	(91)	665	6,210

2.0 – Usable Reserves

The following Usable Reserves, as identified in the Movement of Reserves Statement, can be used to fund future expenditure or reduce future local taxation demands.

2.1 – General Fund - Revenue Balances

General Fund	31 March 2014 £'000	Transfer In £'000	Transfer Out £'000	31 March 2015 £'000	Purpose of Reserve
Working Balance	1,214	68	-	1,282	Maintained to protect the Council's budget from unexpected risks.
Working Balance Sub Total	1,214	68	-	1,282	
Business Rates	4,423	522	(1,275)	3,670	To manage the NNDR element of the collection fund deficit.
DWP	-	259	-	259	Relates to the value of benefit subsidy expected to be required to be paid back.
Licensing	47	-	(16)	31	Reserve to absorb excess of costs over income in relation to taxi licensing services.
MTFS	-	1,000	-	1,000	To offset the predicted shortfall in budgets over the life of the MTFS plan.
Transformation	-	1,000	-	1,000	To enable the Council to change the way it operates.
Emergency Response	140	-	(100)	40	To cover costs falling on the Council as a result of a response to civil emergency.
Access	-	200	-	200	Set up to finance the provision of cycle paths in the district.
Economic Development	220	74	(50)	244	Reserve to assist economic development and businesses in the district.
Elections	67	28	-	95	Contributions toward future election costs.
Homelessness	101	-	(61)	40	Set up to cover unbudgeted additional demand within the Homelessness service.
Planning Development	935	206	-	1,141	Usable resources set aside for planning development issues.
Strategic Initiatives	-	2,048	(1,448)	600	To support initiatives in accordance with the stated purpose of the fund / key criteria.
Waste Depot Relocation	-	1,500	-	1,500	Relates to the proposed relocation of the Dunmow waste depot.
Waste Management	300	183	(104)	379	Waste management contingency provision for unforeseen costs.
Net other reserves	4,939	51	(4,990)	-	Reclassified as per Reserves Strategy agreed at 17/2/15 cabinet.
Other GF Usable Sub Total	11,172	7,071	(8,044)	10,199	
GF Usable Reserves Total	12,386	7,139	(8,044)	11,481	

2.2 – Housing Revenue Account - Reserve Balances

Housing Revenue Account	31 March 2014 £'000	Transfer In £'000	Transfer Out £'000	31 March 2015 £'000	Purpose of Reserve
Working Balance	680	-	(217)	463	Maintained to protect the Council's housing budget from unexpected risks.
Working Balance Sub Total	680	-	(217)	463	
Change Management	200	-	(200)	-	To fund HRA operational service improvements.
Revenue Projects	60	-	-	60	To finance outstanding revenue business plan actions.
Transformation	-	180	-	180	To enable the Council to change the way its Housing Revenue Account operates in order to meet financial challenges ahead.
Revenue Reserves Sub Total	260	180	(200)	240	
Capital Projects	1,223	2,968	(653)	3,538	Funding allocated to capital projects.
Potential Development Projects	800	-	-	800	Funding for new build schemes.
Sheltered Housing	318	-	-	318	To finance capital redevelopment of sheltered housing in future years.
Earmarked Reserves Total	2,341	2,968	(653)	4,656	
Major Repairs	91	3,267	(3,227)	131	Funding for future capital expenditure.
Other Capital Reserves Total	91	3,267	(3,227)	131	
Capital Reserves Sub Total	2,432	6,235	(3,880)	4,787	
Housing Revenue Balances Total	3,372	6,415	(4,297)	5,490	

2.3 – Capital Receipts Reserve

The Capital Receipts Reserve identifies capital receipts which are available to finance capital expenditure in future years.

2013/14		2014/15
£'000		£'000
885	Balance as at 1 April	1,259
	<u>Receipts</u>	
20	Capital receipts - General Fund	176
856	Capital receipts - Housing Revenue Account	1,551
	<u>Applied</u>	
(345)	Paid to government housing receipts pool	(378)
(135)	Capital receipts used for financing	(730)
(22)	Expenses from sales of capital assets	(16)
374	Movements in Year	603
1,259	Balance as at 31 March	1,862

2.4 – Grants and Contributions without Conditions (Unapplied)

	31 March 2014 £'000	Income £'000	Interest £'000	Drawn Down £'000	31 March 2015 £'000
S106 Unapplied					
Stansted Housing Partnership	1,627	-	4	(1,631)	-
Dunmow Eastern Sector	18	-	-	-	18
Woodlands Park, Gt Dunmow	41	47	-	(2)	86
Friends School, Saffron Walden	29	-	-	-	29
Bell College, Saffron Walden	-	80	-	-	80
Priors Green, Takeley	8	-	-	-	8
Foresthall Park, Elsenham	24	6	-	-	30
Lt Walden Road/Ashdon Road, Saffron Walden	98	-	-	-	98
Oakwood Park, Takeley	5	-	-	-	5
Debden Road, Saffron Walden	-	100	-	-	100
SUB TOTAL	1,850	233	4	(1,633)	454
Capital Grants Unapplied					
ECC Waste Grants	12	-	-	(12)	-
ECC Highways Grant	-	50	-	(50)	-
Flood Repair and Renew	-	88	-	(88)	-
Disabled Facility Grant	-	74	-	(74)	-
Museum Society Grant	-	431	-	(431)	-
Energy Efficiency Grant	67	-	-	(67)	-
SUB TOTAL	79	643	-	(722)	-
Grants and Contributions Unapplied Total	1,929	876	4	(2,355)	454

3.0 – Unusable Reserves

3.1– Revaluation Reserve

2013/14			2014/15	
General Fund	HRA		General Fund	HRA
£'000	£'000		£'000	£'000
3,749	41,800	Balance as at 1 April	4,661	42,228
62	410	Adjustment between the Revaluation Reserve and Capital Adjustment Account	-	-
931	98	Net Gain/(Loss) in Valuation of Assets	647	24,946
(81)	(1)	Revaluation Depreciation to Capital Adjustment Account	(165)	-
-	(79)	Disposals of Assets	(763)	(821)
912	428	Movement in year	(281)	24,125
4,661	42,228	Balance as at 31 March	4,380	66,353

With effect from the 1st April 2007 the Council is required to record unrealised gains and losses arising from holding non-current assets in a designated account 'Revaluation Reserve'. The reserve is matched by the fixed assets held on the balance sheet and is therefore not available to fund future capital expenditure.

3.2 – Capital Adjustment Account

The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated in accordance with the proper accounting policies and financed in accordance with the capital finance regime. As with the Revaluation Reserve, the reserve is matched by non-current assets within the Balance Sheet and therefore is not available to finance capital expenditure in general terms.

2013/14 £'000		£'000	2014/15 £'000
117,735	Balance as at 1st April		117,250
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</u>		
(5,527)	Charges for depreciation and impairment of non-current assets	(6,511)	
616	Revaluation gains on Property, Plant and Equipment	10,793	
(137)	Amortisation of Intangible Assets	(137)	
(2,812)	Revenue expenditure funded from capital under statute	(1,759)	
(2,600)	Amounts of non-current assets written off on disposal or sale as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,529)	
81	Revaluation Depreciation from the Revaluation Reserve	165	
(241)	Adjustments in respect of capital transactions	(425)	
(472)	Adjusting amounts written out of Revaluation Reserve	1,585	
(11,092)			2,182
	<u>Capital financing applied in the year</u>		
135	Use of Capital receipts Reserve to finance new capital expenditure	730	
3,095	Use of Major Repairs Reserve to finance new capital expenditure	3,227	
2,848	Capital Grants and Contributions applied to capital financing	3,768	
1,301	Statutory provision for the financing of capital investment charged against the General fund and HRA balances	467	
3,228	Capital expenditure charged against the General Fund and HRA balances	3,374	
10,607			11,566
117,250	Balance as at 31 March		130,998

3.3 – Deferred Capital Receipts

Deferred Capital Receipts relate to rent to mortgage arrangements for council dwellings. The balance of the receipt held reflects the redemption of the remaining proportion of the property at the discounted value (as per the Wilks Head and Eve market valuations).

2013/14		2014/15
£'000		£'000
945	Balance at 1 April	847
-	Increase in value	51
(98)	Redemption of Rent to Mortgage Loan	-
847	Balance at 31 March	898
847	Balance as at 31 March	898

3.4 – Accumulated Compensated Absences Adjustment Account

The Accumulated Compensated Absences Adjustment 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 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised to or from the account.

2013/14		2014/15
£'000		£'000
(132)	Balance as at 1 April	(132)
-	In year adjustment	(6)
(132)	Balance as at 31 March	(138)

3.5 – Pension 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 costs. However, statutory arrangements require benefits earned to be recognised as the Council makes employers' contributions to pension funds or when any other obligations are settled. The debit balance on the Pension Reserve therefore shows a 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.

The movement on the pension reserve can be seen in detail in Section 17.

2013/14		Notes	2014/15
£'000			£'000
(31,746)	Balance as at 1 April		(26,353)
(1,569)	Surplus/(Deficit) on Provision of Services in CI&E	17.2	(451)
6,962	Actuarial Gain/(Loss)	17.9	(4,731)
(26,353)	Balance as at 31 March		(31,535)

3.6 – Collection Fund Adjustment Account

Collection Fund Adjustment Account (CFAA) – this is a specific accounting mechanism used to reconcile the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement to those amounts required to be charged by statute to the General Fund. For example, a credit balance on the CFAA would show that more tax has been collected than an authority is permitted to transfer out of the Collection Fund by 31st March.

2013/14		2014/15
£'000		£'000
230	Deficit / (Surplus) as at 1 April	(4,099)
94	Council Tax in Year Deficit / (Surplus)	(130)
(4,423)	Business Rates in Year Deficit / (Surplus)	2,360
(4,099)	(Surplus)/Deficit as at 31 March	(1,869)

SECTION B – COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**4.0 – Compliance with Regulations**

4.1– Service Reporting Code of Practice

The Comprehensive Income and Expenditure Statement reports and illustrates the net cost of the Council’s financial activities for the year and demonstrates how that cost has been financed from the Central Government Grants and Income from Local Taxpayers.

The Service Reporting Code of Practice requires mandatory service expenditure analysis to be used by all Local Authorities to show revenue expenditure. The intention is to provide consistency and comparability of service costs between Local Authorities.

5.0 – Notes to the Comprehensive Income and Expenditure Statement

5.1– Total Operating Expenditure

2013/14 (restated)		2014/15
£'000		£'000
2,327	Parish Council Precepts	2,409
345	Payments to the Government Housing Capital Receipts Pool	378
1,976	(Gain)/Loss on the Disposal of Non-Current Assets	(198)
9	Other Non-Service Specific Expenditure	-
4,657	Total Other Operating Expenditure	2,589

5.2 – Total Financing and Investment Income and Expenditure

2013/14		2014/15
£'000		£'000
3,065	Interest Payable and Similar Charges	3,065
(79)	Impairment & Loss/(Gains) on Financial Assets	-
1,336	Pensions - Net Interest on the Defined Benefit Liability (Asset)	1,129
(79)	Interest Receivable & Similar Income	(81)
4,243	Total Financing and Investment Income and Expenditure	4,113

5.3 – Total Taxation and Non Specific Grants

2013/14 (restated)		2014/15
£'000		£'000
	<i>Council Tax Income</i>	
(4,647)	- District Council element	(4,695)
(2,327)	- Town/Parish Councils element	(2,409)
	<i>Business Rates Retention</i>	
(1,857)	- District Council element of NNDR income in year	(1,990)
(3,497)	- Safety Net reimbursement / Levy payment due	1,093
(324)	- Section 31 funding from Central Government	(538)
	<i>Collection Fund</i>	
(154)	- Council Tax - Net value of estimated/actual income recognised in CI&E	(126)
4,423	- NNDR - Net value of estimated/actual income recognised in CI&E	(1,084)
	<i>Non Ring fenced Government Grants</i>	
(2,042)	- New Homes Bonus	(2,877)
(140)	- Supplementary Grants	(86)
	<i>Other</i>	
(2,038)	- Formula Funding from Central Government	(1,643)
(2,008)	- Capital Grants and Contributions	(1,996)
(14,611)	Total Taxation and Non-Specific Grants Income	(16,351)

5.4 – General Fund Income and Expenditure Segmental Breakdown

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is shown as specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across service portfolios. These reports are prepared on a different basis from the accounting policies used in the financial statements.

- No charges are made in relation to capital expenditure (whereas depreciation, impairment and amortisation are charges to services in the Comprehensive Income and Expenditure Statement).
- The cost of retirement benefits are based on cash flows (payments of employer's pension contributions) rather than the current service cost of benefits accrued in the year.

Portfolio Income and Expenditure for 2014/15

2014/15	Community Safety	Community Partnerships & Engagement	Environmental Services	Finance & Administration	Housing	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges & Other Income	(344)	(295)	(5,068)	(1,008)	(804)	(7,519)
Government Grants	-	(453)	(5)	(17,332)	(11)	(17,801)
Total Income	(344)	(748)	(5,073)	(18,340)	(815)	(25,320)
Employee expenses	389	1,117	3,983	3,057	578	9,124
Other service expenses	94	1,599	2,722	19,735	253	24,403
Total Expenditure	483	2,716	6,705	22,792	831	33,527
Net Expenditure/(Income)	139	1,968	1,632	4,452	16	8,207

2013/14	Community Safety	Community Partnerships & Engagement	Environmental Services	Finance & Administration	Housing	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges & Other Income	(338)	(324)	(4,958)	(806)	(808)	(7,234)
Government Grants	-	(450)	-	(17,402)	-	(17,852)
Total Income	(338)	(774)	(4,958)	(18,208)	(808)	(25,086)
Employee expenses	463	971	3,659	3,150	531	8,774
Other service expenses	161	1,622	2,086	19,472	214	23,555
Total Expenditure	624	2,593	5,745	22,622	745	32,329
Net Expenditure/(Income)	286	1,819	787	4,414	(63)	7,243

5.5 - Subjective Analysis of surplus/deficit on the Net Cost of Services

This reconciliation shows the portfolio income and expenditure surplus/deficit analysed by subjective on the Net Cost of Services line included in the Comprehensive Income and Expenditure Statement.

2014/15	GF Portfolio Analysis	HRA Portfolio Analysis	GF Amounts Not Reported to Management*	HRA Amounts Not Reported to Management*	Net Cost of Service	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges & Other Income	(7,519)	(15,539)	-	-	(23,058)	-	(23,058)
Interest & Miscellaneous Income	-	-	-	-	-	(81)	(81)
Income from Council Tax	-	-	-	-	-	(7,230)	(7,230)
Income from Business Rates	-	-	-	-	-	(2,519)	(2,519)
Government Grants, Funding & Contributions	(17,801)	-	(162)	-	(17,963)	(6,602)	(24,565)
Total Income	(25,320)	(15,539)	(162)	-	(41,021)	(16,432)	(57,453)
Employee Expenses	9,124	1,855	650	142	11,771	-	11,771
Other Service Expenses	24,403	3,025	1,745	82	29,255	-	29,255
Support Services Recharges - Charged	-	-	10,436	2,846	13,282	-	13,282
Support Services Recharges - Allocated	-	-	(11,878)	(1,424)	(13,302)	-	(13,302)
Depreciation, Amortisation & Impairment	-	-	2,481	(7,645)	(5,164)	-	(5,164)
HRA Self-Financing Interest	-	-	-	-	-	2,636	2,636
Other Interest Payable & Capital Financing	-	-	-	-	-	1,558	1,558
Precepts & Levies	-	-	-	-	-	2,409	2,409
Impairment & Gain/Loss on Disposal of Financial Assets	-	-	-	-	-	-	-
Gain/Loss on Disposal of Non-Current Assets	-	-	-	-	-	(198)	(198)
Payment to the Housing Capital Receipts Pool	-	-	-	-	-	378	378
Total Expenditure	33,527	4,880	3,434	(5,999)	35,842	6,783	42,625
(Surplus) / Deficit on the Provision of Services	8,207	(10,659)	3,272	(5,999)	(5,179)	(9,649)	(14,828)

2013/14 (restated)	GF Portfolio Analysis	HRA Portfolio Analysis	GF Amounts Not Reported to Management*	HRA Amounts Not Reported to Management*	Net Cost of Service	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges & Other Income	(7,234)	(14,683)	-	-	(21,917)	-	(21,917)
Interest & Miscellaneous Income	-	-	-	-	-	(79)	(79)
Income from Council Tax	-	-	-	-	-	(7,128)	(7,128)
Income from Business Rates	-	-	-	-	-	(1,255)	(1,255)
Government Grants, Funding & Contributions	(17,852)	-	(312)	-	(18,164)	(6,228)	(24,392)
Total Income	(25,086)	(14,704)	(82)	-	(39,872)	(18,960)	(54,771)
Employee Expenses	8,774	1,786	671	129	11,360	-	11,360
Other Service Expenses	23,555	2,572	3,027	11	29,165	9	29,174
Support Services Recharges - Charged	-	-	10,876	2,483	13,359	-	13,359
Support Services Recharges - Allocated	-	-	(12,221)	(1,170)	(13,391)	-	(13,391)
Depreciation, Amortisation & Impairment	-	-	1,326	3,721	5,047	-	5,047
HRA Self-Financing Interest	-	-	-	-	-	2,626	2,626
Other Interest Payable & Capital Financing	-	-	-	-	-	1,775	1,775
Precepts & Levies	-	-	-	-	-	2,327	2,327
Impairment & Gain/Loss on Disposal of Financial Assets	-	-	-	-	-	(79)	(79)
Gain/Loss on Disposal of Non-Current Assets	-	-	-	-	-	1,976	1,976
Payment to the Housing Capital Receipts Pool	-	-	-	-	-	345	345
Total Expenditure	32,329	14,386	(71)	(1,313)	45,331	13,249	54,519
(Surplus) / Deficit on the Provision of Services	7,243	(318)	(153)	(1,313)	5,459	(5,711)	(252)

*Amounts not reported to management are accounting entries which the management have no control over e.g. capital charges.

SECTION C – BALANCE SHEET**6.0 – Intangible Assets**

Intangible fixed assets are those items which, although the cost incurred in their acquisition is of a capital nature there is no physical tangible asset to show. The movement in intangible assets during 2014/15 are detailed below.

6.1– Intangible Assets

2013/14		2014/15
£'000		£'000
1,662	Gross Balance at 1 April	1,706
44	Additions	79
-	Reclassification	8
-	Asset write out	(1,170)
1,706	Gross Balance carried forward at 31 March	623
(1,151)	Amortisation as at 1 April	(1,288)
(137)	Amortisation In Year	(137)
-	Amortisation write out	1,039
(1,288)	Amortisation Balance carried forward 31 March	(386)
418	Net Value At 31 March	237

7.0 – Property, Plant and Equipment

7.1 - Analysis of Property, Plant and Equipment

2014/15	Council Dwellings	Other Land and Buildings	Vehicles Plant and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2014	238,331	24,563	10,777	504	823	811	275,809
Revaluation recognised in the Revaluation Reserve	23,320	2,273	-	-	-	-	25,593
Revaluation recognised in the CIES	10,611	486	-	-	-	-	11,097
Additions	4,828	664	298	8	-	2,528	8,326
Adjustment	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-
Disposals	(1,457)	(516)	(187)	-	-	-	(2,160)
Asset write out	-	(1,448)	(482)	-	-	-	(1,930)
Reclassification	(1,051)	779	1	-	-	265	(6)
Gross Balance as at 31 March 2014	274,582	26,801	10,407	512	823	3,604	316,729
Accumulated Depreciation at 1 April 2013	(7,938)	(2,473)	(4,405)	(9)	(33)	-	(14,858)
Depreciation In Year	(3,136)	(664)	(1,200)	(23)	(11)	-	(5,034)
Depreciation Write Out	108	126	558	-	-	-	792
Depreciation Balance as at 31 March 2014	(10,966)	(3,011)	(5,047)	(32)	(44)	-	(19,100)
Net Book Value as at 31 March 2015	263,616	23,790	5,360	480	779	3,604	297,629
Net Value as at 31 March 2014	230,392	22,091	6,373	495	790	811	260,952
Assets owned outright	263,616	11,774	3,526	480	363	3,126	282,885
Donated Assets	-	1,026	124	-	-	-	1,150
Finance lease on assets	-	52	4	-	416	478	950
Assets used under contractual PFI agreement	-	10,938	1,706	-	-	-	12,644
Total	263,616	23,790	5,360	480	779	3,604	297,629

2013/14 (restated)	Council Dwellings	Other Land and Buildings	Vehicles Plant and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2013	233,609	23,839	11,837	469	813	1,037	271,604
Revaluation recognised in the Revaluation Reserve	252	765	-	-	-	-	1,016
Revaluation recognised in the CIES	85	531	-	-	-	-	616
Additions	4,766	251	870	222	-	754	6,862
Adjustment	-	-	-	-	13	-	13
Donations	-	-	-	-	-	-	-
Disposals	(846)	(794)	(1,930)	(293)	(3)	-	(3,866)
Asset write out	(407)	(30)	-	-	-	-	(437)
Reclassification	872	2	-	106	-	(980)	(1)
Gross Balance as at 31 March 2014	238,330	24,564	10,777	504	823	811	275,808
Accumulated Depreciation at 1 April 2013	(4,888)	(1,897)	(4,127)	(20)	(22)	-	(10,954)
Depreciation In Year	(3,081)	(652)	(1,335)	(19)	(11)	-	(5,098)
Depreciation Write Out	31	76	1,058	30	-	-	1,194
Depreciation Balance as at 31 March 2014	(7,938)	(2,473)	(4,404)	(9)	(33)	-	(14,857)
Net Book Value as at 31 March 2014	230,392	22,091	6,373	495	790	811	260,952
Net Value as at 31 March 2013	228,721	21,942	7,710	449	791	1,037	260,650
Assets owned outright	230,392	10,280	4,153	495	363	811	246,495
Donated Assets	-	1,117	144	-	-	-	1,261
Finance lease on assets	-	51	28	-	427	-	506
Assets used under contractual PFI agreement	-	10,643	2,048	-	-	-	12,691
Total	230,392	22,091	6,373	495	790	811	260,952

7.2 – Capital Expenditure and Financing

The total amount of capital expenditure, including finance leases, incurred in the year and the sources of financing are detailed in the table below.

Where the capital expenditure is not financed in the year of purchase, the Council will apply a capital charge over the life of the asset to revenue budgets. This method of financing creates an initial increase in the Capital Financing Requirement (CFR), which is subsequently reduced by the yearly capital charge.

2013/14		2014/15
Restated		
£ '000		£ '000
98,232	Opening Capital Financing Requirement at 1 April	97,509
	<u>Capital Expenditure</u>	
6,908	Property Plant and Equipment	8,011
44	Intangible Assets	79
2,812	Revenue Expenditure Funded from Capital Under Statute	1,759
9,764	Total Capital Expenditure	9,849
-	Increase in non-dwelling HRA assets not reversed to unusable reserves	304
-	Adjustment in respect of asset transfer	424
-	Total Other Adjustments	728
	<u>Sources of Finance</u>	
135	Capital Receipts	730
2,605	Government Grants and Other Contributions	3,768
3,191	Capital Expenditure Financed from Revenue Contributions	3,374
3,200	Major Repairs Reserve	3,227
1,356	Minimum Revenue Provision	467
10,487	Total Capital Financing	11,566
97,509	Closing Capital Financing Requirement at 31 March	96,520
2013/14		2014/15
£'000		£'000
	<u>Explanation of Movements</u>	
633	Increase in underlying need to borrow	(522)
(1,356)	Minimum Revenue Provision	(467)
(723)	Increase / (decrease) in Capital Financing Requirement	(989)

7.3 – Heritage Assets

The following Council assets meet the definition of ‘Heritage Assets’ under Financial Reporting Standard (FRS) 30 and are held on the balance sheet as:

31 March 2014		31 March 2015
£'000		£'000
123	Saffron Walden Motte and Bailey	231
155	Museum Artefacts - Fine Arts Collection	155
278	Balance	386

Saffron Walden Motte and Bailey Castle:

The structure and retaining wall is a Grade 1 scheduled monument which was passed to the Council’s ownership in 1979.

The castle is Norman dating from the 12th century. The wall surrounding the castle is also listed. To date there has been no excavations on the site of notable interest. The movement in Heritage Assets on the balance sheet is expenditure incurred on the Motte and Bailey Castle.

For proposals of future works to the Castle please refer to our website www.uttlesford.gov.uk

Saffron Walden Museum Artefacts

Under the terms of a 99 year lease with Saffron Walden Museum Society Limited, the Council is responsible for operating and managing the Saffron Walden Museum and associated artefacts. It has been established that the risks and rewards associated with the arrangement are held by the Council and therefore the Fine Arts Collection is included in the accounts*. Under the terms of the lease the Council is responsible for the repair and restoration of the museum artefacts and the nature of the displays, acquisitions and disposals. Governance arrangements are also conducted through the Museum Board of the Society and the Council’s Museum Management Working Group.

The collection of an estimated 11,000 artefacts is, on the whole, of significant local worth, with a small proportion of high value. Valuations were carried out for the following collections; Natural Sciences undertaken by G Lucy – Geologist (2001) derived a value of £510k and Decorative Collection undertaken by J Dutton – Ceramics specialist (2011) these resulted in a value of £1.3million.

The valuations undertaken were not commissioned valuations in line with accounting requirements and therefore the Council is unable to place reliance on the valuations for the Accounts

*As per FRS 30 it is considered that the cost of seeking valuations for the remaining artefacts would be disproportionate to the benefit gained from their recognition on the balance sheet, therefore we are only holding the Fine Arts Collection on the Balance Sheet.

7.4 – Significant Commitments under Capital Contracts

As at 31st March 2015, the Council has the following contractual obligations for capital expenditure:

	WIP 31 March 2015 £'000	Total remaining commitment £'000	Duration of commitment Years
Capital Scheme			
<u>Housing</u>			
Mead Court/Canon's Mead Development	2,152	1,768	1
<u>General Fund</u>			
Canons Mead Temporary Accommodation	624	21	1
Total	2,776	1,789	

8.0 – Other Long Term Assets

8.1 – Long Term Investments

The council has no long term investments.

8.2 – Long Term Debtors

The council has long term debtors relating to 'Rent to Mortgages' which is shown in Financial Instruments – 18.1 and 18.6.

9.0 – Current Assets

9.1 – Inventories (Stock)

31 March 2014		31 March 2015	
£'000		£'000	
41	Housing Stores	52	
43	Building Maintenance	1	
10	Trading Stock	-	
94	TOTAL	53	

9.2 – Debtors

31 March 2014		31 March 2015	
£'000		£'000	
10,273	Central Government Bodies	486	
1,549	Other Local Authorities	482	
3,877	Other Entities and Individuals	3,317	
15,699	Total	4,285	

For details of the movement in the debtors, please refer to section 3 of the explanatory foreword.

9.3 – Impairment Allowances (for Non-Collection)

31 March 2014 £'000		31 March 2015 £'000
(386)	Non Domestic Rates	(173)
(190)	Council Tax	(188)
(344)	Housing Rents	(389)
(514)	Overpaid Benefit	(643)
(74)	Court costs	-
(12)	Sundry Debtors	(18)
(1,520)	Total Impairment Allowances	(1,411)

The Debtors figure in the Balance Sheet is the total of tables 9.2 & 9.3 (e.g. presented net of impairment allowances).

9.4 – Short-term Investments

The Council has £25.5million in short term investments which is detailed in section 18.1.

9.5 – Cash and Cash Equivalents

31 March 2014 £'000		31 March 2015 £'000
486	Net Cash Equivalent as per Financial Instruments	834
312	Cash in Transit	(328)
(34)	Unpresented Cheques	(28)
764	Cash & Cash Equivalents 31 March	478

10.0 – Current Liabilities

10.1 – Creditors

31 March 2014		31 March 2015
£'000		£'000
6,925	Central Government Bodies	3,807
3,337	Other Local Authorities	1,770
4,608	Other Entities and Individuals	2,700
14,870	Total	8,277

For details of the movement in the creditors, please refer to section 3 of the explanatory foreword.

10.2 – Provisions

31 March 2014		In year	Provision	31 March 2015
£'000		Provision	Applied	£'000
		£'000	£'000	
27	Legal Claims			27
218	Land Charges - Legal Claims on Charging Policy			218
	Expenditure commitments for New Homes Bonus			
84	- 2011/12 Parish Councils		(5)	79
16	- 2012/13 Ward Members / Jubilee Fund		(16)	-
26	- 2013/14 Ward Members		(26)	-
-	- 2014/15 Ward Members	9		9
24	Community Halls			24
4,609	NNDR Appeals	832	(1,757)	3,684
5,004	Balance as at 31 March	841	(1,804)	4,041

The total provision applied for NNDR appeals as at 31st March 2015 is £9.2million; the above table reflects the Council's share of the provision at a value of £3.68million.

11.0 – Long Term Liabilities

11.1 – Long Term Borrowing

The long term borrowing relates to the Housing Revenue Account Self Financing Loan which is detailed in Financial Instruments, reference 18.2.

11.2 – Deferred Liabilities

2013/14		2014/15	1 Year	2 - 5	6 - 10	11 - 15	16 - 20	21 - 25
£'000		£'000	£'000	years	years	years	years	years
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<u>Central Services</u>							
82	Finance leases Opening balance	28	11	-	-	-	-	-
(28)	Principal Payments	(18)	(11)	-	-	-	-	-
(26)	Adjustment to Liability	1	-	-	-	-	-	-
28	Closing balance	11	-	-	-	-	-	-
	<u>Leisure</u>							
5,222	PFI – Opening balance	5,141	5,052	4,956	4,488	3,648	2,397	533
(81)	Principal repayment	(89)	(96)	(468)	(840)	(1,251)	(1,864)	(533)
5,141	Closing balance	5,052	4,956	4,488	3,648	2,397	533	-
5,169	Deferred Liabilities at 31 March	5,063	4,956	4,488	3,648	2,397	533	-

11.3 – Creditor – Capital Grants and Contributions with Conditions

	31 March 2014	Income	Repaid	Drawn Down	31 March 2015
	£'000	£'000	£'000	£'000	£'000
S106 Receipts in Advance					
Priors Green, Takeley	101	54	-	-	155
Felsted	10	-	-	-	10
Oakwood Park Community Hall, Takeley	10	-	-	-	10
Rochford Nurseries/Foresthall Park, Elsenham	784	-	-	(104)	680
Bell College, Saffron Walden	6	-	-	(6)	-
Manuden Village Hall and Sports Facilities	275	-	(161)	(87)	27
The Orchard, Elsenham	42	-	-	-	42
Wedow Road, Thaxted	64	-	-	(10)	54
Sector 4 Woodlands Park, Gt Dunmow	-	10	-	-	10
Keers Green Nurseries, Aythorpe Roding	-	120	-	-	120
SUB TOTAL	1,292	184	(161)	(207)	1,108
Capital Grants Receipts in Advance					
Heritage Quest Centre Grants	82	-	-	(35)	47
Capital Hardware Grant	11	-	-	(11)	-
SUB TOTAL	93	-	-	(46)	47
Capital Grants and Contributions with Conditions	1,385	184	(161)	(253)	1,155

11.4 – Creditor – Capital Grants and Contributions to Other Bodies

	31 March 2014	Income	Repaid	Drawn Down	31 March 2015
	£'000	£'000	£'000	£'000	£'000
S106 Receipts in Advance					
Sector 4 Woodlands Park (Helena Romanes School)	165	-	-	-	165
Priors Green, Takeley	1	-	-	(1)	-
Wedow Road, Thaxted	187	-	-	(187)	-
Rochford Nurseries/Foresthall Park, Elsenham	289	-	-	-	289
Land to south of Sampford Road, Thaxted	354	-	-	(354)	-
2 Lower St, Stansted	-	23	-	-	23
Goddards Yard, Saffron Walden	-	38	-	(38)	-
Brick Kiln Farm, Gt Dunmow	-	352	-	-	352
Land west of B184, Gt Chesterford	-	229	-	(229)	-
Brewers End, Takeley	-	128	-	(128)	-
North View and 3 The Warren, Little Canfield	-	276	-	-	276
Land north of 4 Hamilton Road, Little Canfield	-	46	-	-	46
Land north west of Chickney Road, Henham	-	51	-	(51)	-
Land to rear of Oxley Close, Clavering	-	47	-	(47)	-
Land adj Warwick Road, Priors Green	-	49	-	(46)	3
Land at Fritch Green, Felsted	-	50	-	-	50
Jubilee Works, Stickling Green, Clavering	-	59	-	(59)	-
Stansted Motel and 2 Hamilton	-	40	-	(40)	-
Capital Grants and Contributions to Other Bodies	996	1,388	-	(1,180)	1,204

11.5 – Pension Liability

The pension liability is the current obligation of the future retirement benefits the council has to its members, this is calculated as a net of the fair value of assets less the current obligation, details of which can be found in tables 17.3 and 17.5.

12.0 – Tax Payers Equity

12.1 – Usable Reserves

The usable reserves are monies that are set aside and can be used by the council to fund future projects and initiatives as directed by Members and the senior management team, that are not part of the normal running of the council services. For details please refer to section A notes 2.1-2.4.

12.2 – Unusable Reserves

The unusable reserves are unrealised gains and losses of the council that relate to the financing of capital expenditure as well as timing differences between recognition of assets and liabilities under accounting rules and statutory regulations. For details please refer to section A notes 3.1-3.6.

SECTION D – CASH FLOW STATEMENT**13.0 – Cash Flow Activities**

13.1 – Cash Flow Statement – Operating Activities

2013/14		2014/15
£'000		£'000
252	Net surplus/(deficit) on the provision of services	14,828
	Adjustments to net surplus/(deficit) on the provision of services for non-cash movements	
5,527	Depreciation	5,037
(616)	Impairment and downward valuations	(9,622)
137	Amortisation	137
1,164	Increase in creditors	(4,001)
(163)	(Increase)/decrease in debtors	4,818
18	(Increase)/decrease in inventories	41
1,569	Pension liability	451
4,425	Contribution to provisions	(964)
55	Unwinding the discount on deferred receipts	(51)
2,600	Carrying amount of non-current assets sold	1,529
14,716	Total	(2,625)
(2,843)	Adjustments for items included in the net (deficit) on the provision of services that are investing or financing activities	(4,020)
12,125	Net cash flows from operating activities	8,183

13.2 – Cash Flow Statement – Investing Activities

2013/14		2014/15
£'000		£'000
(6,975)	Purchase of Property, Plant and Equipment, investment property and intangible assets	(8,448)
(9,767)	Purchase of net short term investments	(7,500)
-	Capital Grants Repaid	(161)
876	Proceeds from sale of Property, Plant and equipment	1,727
1,010	Proceeds from long term investments	-
2,036	Capital grants received	2,306
(12,820)	Total Cash Flows from Investing Activities	(12,076)

13.3 – Cash Flow Statement – Financing Activities

2013/14		2014/15
£'000		£'000
(2,458)	Billing Authorities - Council Tax & NNDR Adjustment	3,712
(135)	Cash Payments for the Reduction of the outstanding Liabilities	(105)
(2,593)	Total Cash Flows from Financing Activities	3,607

13.4 – Cash Flow Statement – Cash and Cash Equivalents

2013/14 £'000		2014/15 £'000	Movement in year £'000
764	Cash and Bank Balances	478	(286)
764	Total Cash and Cash Equivalents	478	(286)

13.5 – Cash Flow Statement – Interest on Balances

2013/14 £'000		2014/15 £'000
3,065	Interest paid	3,065
(79)	Interest received	(81)
2,986	Net Interest Paid	2,984

SECTION E – SUPPLEMENTARY NOTES TO THE CORE FINANCIAL STATEMENTS**14.0 – Leasing Arrangements and Private Finance Initiative**

14.1 – Private Finance Initiative

The Council's Private Finance Initiative (PFI) Scheme provided two new Leisure Centres in Great Dunmow and Stansted Mountfitchet and the refurbishment of the Lord Butler Fitness and Leisure Centre in Saffron Walden. The PFI contract is with Leisure Connection Limited who manages the 3 Leisure Centres on the Council's behalf.

The contract was operational from the financial year 2003/04 and runs for a period of 32 years (ending 2035/36) leaving 21 years outstanding. The total contract payments estimated at the time of entering into the contract were estimated at £39.9million. Actual payments are dependent on the service provided. The remaining capital liability for 2014/15 is £5.053million.

2013/14 £'000		2014/15 £'000	1 Year £'000	2 - 5 years £'000	6 - 10 years £'000	11 - 15 years £'000	16 - 20 years £'000	21 - 25 years £'000
1,012	Leisure PFI - Unitary charge	1,014	1,104	4,641	6,344	7,004	7,733	1,682
81	Capital Repayment	89	96	468	840	1,251	1,864	533
433	Interest Expense	426	419	1,590	1,733	1,322	709	22
158	Contingent Rent	172	193	934	1,471	2,038	2,658	906
340	Services	327	396	1,649	2,300	2,393	2,502	221
1,012	Total Unitary Charge	1,014	1,104	4,641	6,344	7,004	7,733	1,682

15.0 – Members, Officers and Related Parties

15.1 – Members Allowances

The Local Government Act 2000 and the Local Government (Members Allowances) Regulation 2003 requires the Council to appoint an independent remuneration panel to review its scheme for Members Allowances. The panel make recommendations to the Council regarding the scheme to be operated in 2014/15.

The total Members allowances paid in 2014/15 was £314,554 (£304,238 for 2013/14), these are detailed below.

2013/14		2014/15
£'000		£'000
	Allowance:	
218	Basic Allowance	220
5	Group Leaders Allowances	4
63	Special Responsibility Allowances	69
12	Travel and Subsistence	15
6	Employers Pension Contribution	6
304	Total	314

15.2 – Related Party Transactions

The Council is required to disclose material transactions with related parties that have the potential to control or influence the Council or to be controlled or influenced by the Council.

There are no disclosures from Members of any material related party transactions.

15.2.1 - Members of the Council

Members of the Council have direct control over the Council's financial and operating activities. Any contracts entered into by the Council are in full compliance with the Council's constitution and any decisions made take full consideration of any declarations of interest. A register of Members Interests is held and records all transactions and declarations and this is available for public inspection during office opening times.

15.2.2 - Senior Officers of the Council

Senior Officers have control over the day to day management of the Council. The Chief Executive, Directors and Assistant Directors are required to declare any related party transactions. All transactions are recorded in the register of Officers Interest, Gifts and Hospitality and this is available for public inspection during office opening hours.

15.2.3 – Central Government

Central Government has significant influence over the general operations of the authority – it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the authority has with other parties (e.g. Council Tax bills, Housing Benefits).

Further information on significant funding streams from Central Government is included within section 5 of the explanatory foreword.

15.2.4 – Companies and Organisations

- Turpin's Indoor Bowling Club Limited
Under the terms of a 25 year lease Turpin's Indoor Bowling Club Limited leases property owned by the Council. The asset is leased to the company for a market rent; taking account of the covenant within the terms of the lease of 40% of the facility is for the use of community residents. To protect the Council's interest two Uttlesford Councillors have a seat on the organisation board.
- Stansted Area Housing Partnership
The Partnership is comprised of four local authorities, two housing associations, the housing corporation and the BAA Stansted, its aim is to provide a significant number of new affordable homes in the Stansted area over the next ten years. BAA has funded approximately £2.34million through a planning obligation

payment under the S106 arrangements held and monitored by the Council. During 2014/15, the remaining fund (UDC share) has been applied to Housing Development in the HRA capital programme.

- Saffron Walden Pig Market

Uttlesford District Council is the sole trustee of the Saffron Walden Pig Market Charity. The Charity owns a proportion of a public pay and display car park and their income is derived from this asset.

The Car Park is maintained and run by the North Essex Parking Partnership on behalf of the District Council and the Charity receives its share of the net income on the basis of 66/303 split.

The Charity distributes the income it receives by way of grants to charities that work in the Saffron Walden area.

Citizens Advice Bureau – 2014/15 - £32,038
2013/14 - £43,857

- Saffron Walden Museum Society Limited

The Council rents the Saffron Walden Museum and Museum artefacts under the terms of a 99 year lease from the Museum charity at a nominal annual rent. The asset is classified as a donated asset under the International accounting rules, on the basis that the Council receives all the rewards and benefits of the asset used to provide a service. The Museum service is fully funded by the Council and all staff associated with this service are employed by the Council. A nominated council member has a seat on the Museum Charity board.

The net costs of running the Museum are;

2014/15 - £268,232
2013/14 - £284,336

15.2.5 – Partnership Schemes

- Local Strategic Partnership (LSP) – Uttlesford Futures

Uttlesford Futures Management Board work together in relation to the Strategic needs of the district.

The Partnership consists of Uttlesford District Council, Essex County Council, Essex Police, Essex Fire Authority, West Essex Clinical Commissioning Group, Uttlesford Council for Voluntary Services, Federation of Small Businesses, Sustainable Uttlesford, Uttlesford Association of Local Councils and Learning Skills Council.

In 2014/15 the gross income of the partnership was £16,651 and expenditure £7,597 (£27,836 and £11,185 respectively for 2013/14). The Council's contribution for 2014/15 was £5,000 (£5,000 for 2013/14).

- Community Safety Partnership

Uttlesford District Council is a member of the district wide Community Safety Partnership, this comprises of statutory, private and voluntary organisations working together to tackle crime and disorder.

The Partnership consists of Uttlesford District Council, Essex County Council, Essex Police, Essex Fire Authority, West Essex Clinical Commissioning Group and Uttlesford Council for Voluntary Services. The Partnership reports into the Local Strategic Partnership

In 2014/15 the gross income of the partnership was £66,601 and expenditure £9,637 (£57,229 and £12,078 respectively for 2013/14). The unspent income of £56,964 has been carried forward and will contribute towards the costs of the partnership's strategic vision. The Council's contribution for 2014/15 was £5,000 (£5,000 for 2013/14).

15.2.6 – Parking Partnership

- The Council is a member of the North Essex Parking Partnership which was formed with Colchester Borough Council, Braintree District Council, Epping Forest District Council, Harlow District Council and Tendring with effect from the 1st April 2011. The Partnership operates the Councils' off street pay and display car parks, and administers the on street parking services on behalf of Essex County Council. The lead authority is Colchester Borough Council and they provide the support services and accommodation for the Partnership.

The Partnership is governed by a Joint Committee, on which each partner Council has a representative. The Joint Committee produces its own accounts which are summarised below.

The Partnership is funded by previously agreed contributions by each Council partner; these are expected to remain constant. In the event that the Partnership falls into deficit (costs exceed income) then an increase in the contributions may be required. The Partnership's cumulative reserves will be used as a contingency to ensure financial stability. If deemed appropriate by the Joint Committee a proportion of the reserves may be returned to the partners.

2013/14 (Restated) £'000		2014/15 £'000
2,388	Staffing costs	2,248
640	Other running costs	783
557	Support services	601
3,585	Total expenditure	3,632
(2,434)	Income	(2,343)
1,151	Net expenditure	1,289
(148)	Partner contribution - UDC	(152)
(1,097)	Other partner contributions	(1,142)
85	Contribution from Reserves	(61)
(9)	Surplus for the year	(66)
(270)	Reserves as at 1 April	(364)
(85)	Use of reserves	113
(9)	Surplus for the year	(66)
(364)	Reserves as at 31 March	(317)

15.3 – Officers Remuneration

Senior Officers remuneration is detailed below

		Salary, Fees and Allowances	Bonuses	Car Allowances	Benefits in Kind	Redundancy	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
		£	£	£	£	£	£	£	£
Chief Executive	2013/14	102,151	-	490	-	-	102,641	13,280	115,921
	2014/15	102,151	-	181	-	-	102,332	14,199	116,531
Assistant Chief Executive - Legal	2013/14	70,841	-	490	-	-	71,331	9,209	80,540
	2014/15	74,188	-	181	-	-	74,369	10,312	84,681
Assistant Chief Executive - Finance	2013/14	70,841	-	94	1,428	-	72,363	9,209	81,572
	2014/15	19,040	-	106	-	-	19,146	2,647	21,793
Director of Public Services	2013/14	79,408	-	490	-	-	79,898	10,315	90,213
	2014/15	82,057	-	181	-	-	82,238	11,406	93,644
Director of Finance and Corporate Services	2013/14	79,345	-	375	329	-	80,049	10,315	90,364
	2014/15	82,057	-	181	-	-	82,238	11,406	93,644
Assistant Director - Corporate Services	2013/14	52,178	-	324	468	-	52,970	6,783	59,753
	2014/15	54,727	-	181	-	-	54,908	7,607	62,515
Assistant Director - Housing and Environmental Services	2013/14	52,241	-	490	-	-	52,731	6,783	59,514
	2014/15	54,727	-	181	-	-	54,908	7,607	62,515
Assistant Director - Planning and Building Control	2013/14	52,214	-	490	-	-	52,704	6,783	59,487
	2014/15	54,763	-	181	-	-	54,944	7,607	62,551
Assistant Director - Finance	2013/14	-	-	-	-	-	-	-	-
	2014/15	41,120	-	-	-	-	41,120	5,716	46,836
Assistant Director - ICT and Facilities	2013/14	-	-	-	-	-	-	-	-
	2014/15	41,437	-	-	-	-	41,437	5,760	47,197

- Assistant Chief Executive – Finance post vacant from 3 July 2014, annualised salary £74,188 (as reflected in the Salary, Fees and Allowances column)

- The two Assistant Director posts commenced 1 July 2014, annualised salary for each post £54,727 (as reflected in the Salary, Fees and Allowances column)

15.4 – Employees Salary over £50,000

The Council's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts.

No. of Employees 2013/14	Remuneration Band	No. of Employees 2014/15
6	£50,000 - £54,999	5
-	£55,000 - £59,999	1
-	£60,000 - £64,999	1
2	£70,000 - £74,999	1
1	£75,000 - £79,999	-
1	£80,000 - £84,999	2
1	£100,000 - £104,999	1
11	Total	11

The number of employees shown above includes the senior officers shown in the preceding senior officers' note (15.3)

15.5 – Termination Benefits

The Council terminated the contracts of 7 employees in 2014/15 (6 in 2013/14) incurring liabilities of £82,588 (£170,073 in 2013/14). The table below identifies the number of exit packages in bands of £20,000.

Number of Compulsory Redundancies	2013/14		Exit Package Cost Band	2014/15		
	Number of other Departures Agreed	Total Number of Exit Packages		Number of Compulsory Redundancies	Number of other Departures Agreed	Total Number of Exit Packages
1	1	2	£0 - £20,000	4	3	7
-	3	3	£20,001 - £40,000	-	-	-
1	-	1	£40,001 - £60,000	-	-	-
2	4	6	Total Number of Packages	4	3	7
61,526	108,547	170,073	Total Cost (£)	43,181	39,407	82,588

16.0 – Fees Payable

16.1 – External Audit Fees Payable

In 2014/15 external audit and inspection costs incurred by the Council are detailed in the following table.

2013/14		2014/15
£'000		£'000
62	Fees payable in relation to External Audit Services carried out by the appointed Auditor	109
55	Fees payable in relation to Certification of Grant Claims and Returns	41
117	Total	150

The 2014/15 accounts include six quarters of fees in relation to external audit services. This has been done as a catch up exercise to match the periods of EY's invoicing to the relevant financial year.

17.0 – Pension Scheme

17.1 – Pension Scheme Disclosure

The Council offers membership to a Pension Scheme with defined benefits as part of their employment terms and conditions to all employees. The benefits of the scheme are not payable until the employees retire, but the Council has a commitment to make payments which need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered by Essex County Council. This is a funded scheme which means both the Council and employee pay contributions into the fund, the contributions are calculated at a level intended to balance pension liabilities with investment assets over the long term.

The contributions are based on rates determined by the fund's professionally qualified actuaries and these are reviewed every 3 years. The last review was carried out in 2013 and formally reported in January 2014 to be effective from 2014/15 until 2016/17.

The Pension Scheme has been calculated based on the revised IAS19 standard.

The Council currently has 877 members enrolled in the pension scheme, of which an assumption has been made that 60% of members will exchange their commutable pension for cash at retirement.

17.2 – Transactions Relating to the Pension Scheme

The Council is required to recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees rather than when the benefits are actually paid. The real cost of retirement benefits are reversed out of the Comprehensive Income and Expenditure Statement via the movement in reserves, the actual charge the Council is required to make against the Council Tax is based on the cash payable in the year. The following transactions reflect these accounting entries.

With effect from the 1st April 2011 public service pensions have been up-rated in line with Consumer Price Index (CPI) rather than Retail Price Index (RPI).

2013/14		2014/15
£'000		£'000
1,776	Current Service Cost	1,818
1,336	Net Interest on the Defined Liability/Asset	1,106
8	Administration cost	23
3,120	Net Charge to Comprehensive Income and Expenditure Statement	2,947
1,569	Reversal of Net Charge made for retirement benefits in accordance with IAS19	451
	Actual amount charged against Council Tax for Pensions in the year:	
909	Employer Contributions to the Pension Fund	1,026
457	Deficit Contribution Payments	1,358
67	Contributions to the Pension Fund in respect of Early Retirement	-
118	Added Years Discretionary Payments	112
1,551	Payments to the Pension Fund During the Year	2,496
3,120	Total	2,947

17.3 – Pension Liabilities - Summary

The liabilities show the underlying commitments the Council has in the long term to pay future retirement benefits. The deficit on the scheme will be decreased by increased contributions over the remaining working life of the employees, as assessed by the scheme actuary.

A reconciliation of the opening and closing balances of the present value of the scheme liabilities for retirement benefits attributable to the Council as at 31st March 2015 are as follows:

2013/14		2014/15
£'000		£'000
80,339	Present Value of Scheme Obligation at 1 April	77,229
1,666	Current Cost of Service	1,805
3,414	Interest Cost	3,345
452	Contributions by Scheme participants	499
-	Past Service Cost/(Gain)	
834	Change in financial Assumptions	9,729
(4,513)	Change in demographic assumptions	-
(2,544)	Experience gain on defined benefit obligation	44
110	Past Service Cost and Curtailments	13
(2,529)	Benefits/Transfers paid	(2,956)
(3,110)		12,479
77,229	Present Value of Scheme Obligation as at 31 March	89,708

17.4 – Pension Liabilities - Sensitivity Analysis

Additional information in respect of how potential fluctuations would affect the scheme obligation value is provided below:

Adjustments made to:-	+ 1 year / + 0.1% change £'000	No change £'000	- 1 year / - 0.1% change £'000
Mortality age rating (increase/decrease by 1 year)	86,577	89,708	92,867
Rate of increase in salaries (increase/decrease by 0.1%)	89,839	89,708	89,577
Rate of increase in pensions (increase/decrease by 0.1%)	91,090	89,708	88,348
Rate for discounting scheme liabilities (increase/decrease by 0.1%)	88,233	89,708	91,208

17.5 – Pension Assets

A reconciliation of the opening and closing balances of the present value of the scheme assets for retirement benefits attributable to the Council as at 31st March 2015 are as follows:

2013/14 £'000		2014/15 £'000
48,594	Fair Value of Scheme Assets as at 1 April	50,877
2,078	Interest on assets	2,239
1,925	Return on assets less interest	4,823
(1,186)	Other actuarial losses	219
(8)	Administration expenses	(23)
1,551	Contributions by employer including unfunded	2,496
452	Contributions by Scheme participants	499
(2,529)	Estimated benefits paid plus unfunded net of transfers in	(2,956)
2,283		7,297
50,877	Fair Value of Scheme Assets as at 31 March	58,174

17.6 – Pension Scheme History

The liabilities show the underlying commitments that the Council has in the long term to pay employment retirement benefits. The total liability for 2014/15 of £31.5million (£26.3million in 2013/14) has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements are in place for funding the deficit to maintain a healthy financial position of the Council, by the following;

- Increased contributions over the remaining working life of employees (before payments fall due), as assessed by the actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

	2010/11	2011/12	2012/13 (Restated)	2013/14	2014/15
	£'000	£'000	£'000	£'000	£'000
Estimated Liabilities in the Scheme	(61,763)	(73,075)	(80,339)	(77,229)	(89,708)
Estimated Assets in the Scheme	42,603	43,678	48,593	50,877	58,174
Net (Deficiency) in the Fund	(19,160)	(29,398)	(31,746)	(26,353)	(31,535)

17.7 – Basis for Estimating the Pension Scheme Assets and Liabilities

The assets and liabilities of the fund attributable to Uttlesford District Council have been derived by Barnett Waddingham Public Sector Consulting from a full actuarial valuation of the fund undertaken by Mercer Ltd as at 31st March 2010.

The expected rate of return effectively set by the net interest cost is assumed at the current time to be 14%. The other financial assumptions used within the report are detailed below;

2013/14		2014/15
	Mortality Assumptions:	
	Longevity at 65 for future pensioners (Years)	
24.9	Men	25.1
27.4	Women	27.6
	Financial Assumptions:	
3.50%	Rate of Inflation - RPI	3.10%
2.70%	Rate of Inflation - CPI	2.20%
4.50%	Rate of Increase in Salaries (reflects long term salary growth assumptions)	4.00%
2.70%	Rate of increase in Pensions	2.20%
4.40%	Rate of Discounting Scheme Liabilities	3.20%
60%	Take Up option to convert annual pension into retirement	50%

17.8 – Analysis of Assets Held

The assets held by the fund attributable to Uttlesford District Council as at 31st March 2015 are detailed below;

31 March 2014			31 March 2015	
£'000			£'000	
34,088	67%	Equity Investments	39,134	67%
4,070	8%	Gilts	2,556	4%
4,070	8%	Other Bonds	5,568	10%
5,596	11%	Property	6,319	11%
1,018	2%	Cash	1,275	2%
2,035	4%	Other Assets	3,322	6%
50,877	100%	Total	58,174	100%

17.9 – History of Actuarial Gains and Losses

	2010/11		2011/12		2012/13 (Restated)		2013/14		2014/15	
	£'000	% change	£'000	% change	£'000	% change	£'000	% change	£'000	% change
Return on plan assets in excess of interest	-	0.0%	-	0.0%	3,422	n/a	1,925	n/a	4,823	n/a
Asset Gain/(Loss)	3,523	7.3%	(2,409)	5.5%	-	0.0%	(1,186)	n/a	219	0.38%
Liability Gain/(Loss)	(3,094)	5.7%	(126)	-20.0%	18	0.02%	2,544	3.2%	(44)	-0.05%
Change in Demographic Assumptions	n/a	n/a	n/a	n/a	-	n/a	4,513	n/a	-	n/a
Change in Assumptions	n/a	n/a	(7,543)	n/a	(4,506)	n/a	(834)	n/a	(9,729)	n/a
Net Actuarial Gain/(Loss)*	429		(10,078)		(1,066)		6,962		(4,731)	

*This is the total pension cost as recognised in the Movement in Reserves Statement.

17.10 – Pension Reserve

The Pension Reserve has been set up as part of the requirements to comply with IAS19 – Employee Benefits. This reserve represents the actuarially calculated deficit between the value of all pension liabilities and the assets held by the Pension Fund as at 31st March 2015. The deficit also includes the difference between the cost of statutorily required payments to the Pension Fund and the IAS19 accounting cost charged to the CIES.

Further information can be found in Essex County Council’s Pension Fund’s Annual Report which is available upon request from Essex County Council, County Hall, Chelmsford, Essex, CM1 1JZ.

18.0 – Financial Instruments

Financial Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

The Council’s non-derivative financial liabilities held during the year are measured at amortised cost and comprising:

- long-term loans from the Public Works Loan Board
- finance leases detailed
- Private Finance Initiative contracts detailed

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Council during the year are held under the following two classifications. Loans and receivables (financial assets that have fixed or determinable payments and are not quoted in an active market) comprising:

- cash in hand

- bank current and deposit accounts with Barclays Bank Plc
- fixed term deposits with banks and building societies
- loans to other local authorities
- lease receivables detailed
- trade receivables for goods and services delivered

18.1 - Financial Instruments – Balances

Long Term Financial Instruments		Short Term Financial Instruments		
As at 31 March 2014 Book Value	As at 31 March 2015 Book Value		As at 31 March 2014 Book Value	As at 31 March 2015 Book Value
£'000	£'000		£'000	£'000
Financial Assets, Loans and Receivables:				
847	898	Debtors (Contractual)	1,112	642
-	-	Investments *	18,000	25,500
-	-	Cash and Cash Equivalents **	486	834
847	898	Total	19,598	26,976
Financial Liabilities at Amortised Cost:				
-	-	Creditors (Contractual)	(3,666)	(498)
(88,407)	(88,407)	Borrowing	-	-
(5,063)	(4,956)	Deferred Liabilities	(106)	(107)
(93,470)	(93,363)	Total	(3,772)	(605)
(92,623)	(92,465)	Net Total	15,826	26,371

* £23.5million is invested with Debt Management Office (UK Treasury) as at 31st March 2015 for up to 1 month. £1million with CCLA Money Market Fund and another £1million with Barclays Bank call account. Furthermore all relevant credit criteria ratings were met when investments were placed with relevant counterparties during the year.

** Reconciliation is shown in table 9.5, which details the Cash and Cash Equivalents movements from the Balance Sheet values to the Financial Instrument book values.

18.2 - Housing Revenue Account – Self Financing Reforms

The Department for Communities and Local Government (DCLG) abolished the HRA subsidy system in March 2012, under the Localism Act, with Local Authorities taking control of the housing expenditure and income. This will enable the effective long term planning of housing stock at a local level.

The Council was required to borrow £88.407million on 28th March 2012 to buy itself out of the subsidy regime. The Housing Revenue Account maintains a 30 year rolling business plan as part of the council's financial planning, and gives details of income, expenditure, financing and repayments. The Housing Revenue account incurred interest payments on the loan portfolio of £2.6million in 2014/15. Please refer to table 18.7 which detail the repayment schedule.

18.3 - Financial Instruments – Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

2013/14		2014/15		2014/15		2014/15	
£'000		Financial Assets £'000		Financial Liabilities £'000		£'000	
3,065	Interest Expenses	-		3,065		3,065	
-	Impairment on Long Term Investment	-		-		-	
3,065	Interest Payable and Similar Charges	-		3,065		3,065	
(79)	Gain on redemption of Long Term Debtor	-		-		-	
(79)	Interest and Investment Income	(81)		-		(81)	
(158)	Interest Receivable and Similar Income	(81)		-		(81)	
2,907	Net (Gains)/Loss for the Year	(81)		3,065		2,984	

18.4 - Financial Instruments – Fair Values

	Balance Sheet	Fair Value
	31 March 2015	31 March
	£'000	2015
	£'000	£'000
Financial Liabilities:		
Creditors (contractual)	(498)	(498)
Finance lease payables	(11)	(11)
Long-term loans borrowed	(88,407)	(92,697)
PFI scheme liabilities	(5,052)	(8,236)
Total	(93,968)	(101,442)
Financial Assets:		
Cash & cash equivalents	834	834
Debtors (contractual)	642	642
Investments	25,500	25,500
Total	26,976	26,976

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2015, using the following methods and assumptions:

- The fair values of loans from the PWLB have been discounted at the published interest rates for new PWLB certainty rate loans with an identical remaining term to maturity arranged on 31st March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables is assumed to approximate to the carrying amount.

The fair value of the HRA long term liability (£88.407million) is lower than the carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is lower than the current rates available for similar loans as at the Balance sheet date. The fair value of the HRA loan would have been £104.38million if the Premature Repayment Rate had been adopted instead of the New Loan Rate.

18.5 - Financial Instruments - Risks

The Council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in November 2011).

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments.

The main risks covered are:

- *Credit Risk*: The possibility that one party to a financial instrument will fail to meet its contractual obligations, causing a loss for the other party.
- *Liquidity Risk*: The possibility that the Council might not have the cash available to make contracted payments on time.
- *Market Risk*: The possibility financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of BBB+, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures when selecting commercial entities for investment.

The amount of money that can be invested with a single counterparty or same counterparty group is bound by the Council's Treasury Management Strategy, reviewed annually.

Credit Risk: Receivables

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

Council's customers

Payments for services are either required in advance or due at the time of the service is provided. Please see table 18.4, Debtors (Contractual), for the total amount due to the Council from its customers as at 31st March 2015.

Note: the aged debtor analysis detailed above excludes payments in advance as these are technically not debts. Government grants due are also excluded as they will be received in full. In line with “The Code” statutory debt (Council Tax, NNDR, and Housing Benefit Overpayment arrears) are excluded from the analysis. The Council’s provision for bad debt totalling £0.407million (Housing Rent and Sundry Debtors) as at 31st March 2015 (£0.356million as at 31 March 2014) is deemed sufficient. In order to recover all debts effectively the Council will concentrate on debt management and ensure efficient use of debt management information.

Banks and financial institutions

Credit risk is minimised through the annual investment strategy (details of which are available on the Council’s website) which requires the Council to maintain a counterparty list that follows the criteria set out in the Treasury Management Practices. Credit worthiness is assessed by the use of credit ratings provided by Fitch, Moody’s and Standard and Poor’s to assess an institutions long and short term financial strength along with its individual and support ratings. Other information provided by brokers, advisers and financial and economic reports are also collated and assessed to monitor each individual institution against the Council’s criteria.

Any counterparty whose ratings fall to the extent that they no longer meet the credit criteria are immediately removed from the lending list. Only highly rated counterparties are included on the lending list.

18.6 – Financial Instruments – Collateral

The council holds collateral in relation to the following loans

Debt Outstanding 31 March 2014		Debt Outstanding 31 March 2015	
£'000		£'000	
847	Rents to Mortgages	898	
847	Total	898	

18.7 – Financial Instruments - Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates.

The maturity analysis of the principal sums borrowed is as follows:

	Maturity	31 March 2015 £'000	% of total debt portfolio
Long Term Borrowing			
	1 to 5 years	6,000	6.79%
	6 to 10 years	12,000	13.57%
	11 to 15 years	16,000	18.10%
	16 to 20 years	20,000	22.62%
	21 to 25 years	24,000	27.15%
	26 to 30 years	10,407	11.77%
Total Long Term Borrowing		88,407	100.00%

18.8 – Financial Instruments - Market Risks

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 authority. For instance, a rise in interest rates would have the following effects:-

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited will rise
- investments at fixed rates – the fair value of the assets will fall

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. At 31st March 2015, £52.907million (£78.407million less £25.5million) of net principal borrowed (i.e. debt net of investments) was exposed to fixed rates and £10million to variable rates.

Market Risks: Price Risk

The Council has no investments in equity shares and therefore is not exposed to losses arising from movements in the price of shares.

Market Risks: Foreign Exchange Risk

The Council has no foreign financial instruments denominated in foreign currencies.

19.0 – Supplementary Notes

19.1 – Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Finance and Corporate Services on 12th June 2015. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date provided information about conditions existing at 31st March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

19.2 – Contingent Liabilities

Uttlesford District Council is expecting appeals to be lodged against previous planning decisions which were made in 2013/14 as well as expecting the outcome of appeals which have already been heard. Whilst the outcome and exact financial implications of these appeals is not yet known it is estimated that the council may incur potential liabilities.

19.3 – Grant Income – Revenue

The Council receives a number of grants and donations which are credited to the service lines of the Comprehensive Income and Expenditure Statement. In 2014/15 the Council received £18.031million of grants and donations (2013/14 restated comparative £18.037million) made up of £9.685million relating to Housing Benefits Allowance Subsidy, £6.923million Housing Benefits Rent Rebates Subsidy and a remaining balance of other items totalling £1.423million (all of which were individually below £0.500million in value).

It should be noted that the above analysis excludes government funding which is credited to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement.

SECTION F – SUPPLEMENTARY FINANCIAL STATEMENTS – HOUSING REVENUE ACCOUNT (HRA)**20.0 – Income and Expenditure Account and Supporting Tables**

20.1 – Comprehensive Income and Expenditure Statement

2013/14 £'000		2014/15 £'000
	Income	
(13,703)	Dwelling Rents	(14,522)
(204)	Non-Dwelling Rents	(210)
(772)	Charges for Services and Facilities	(806)
(3)	Contributions towards Expenditure	(1)
(14,682)	Total Income	(15,539)
	Expenditure	
2,680	Repairs and Maintenance	3,155
2,341	Supervision and Management	2,379
533	Rents, Rates, Taxes and other Charges	511
	Depreciation of Non-Current Assets	
3,081	- Dwellings	3,136
104	- Other Non-Current Assets	131
536	Impairment of Non-Current Assets	(10,912)
(32)	Movement in Bad Debt Provision	46
42	Revenue Expenditure Funded from Capital Under Statute (REFFCUS)	34
9,285	Total Expenditure	(1,520)
(5,397)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	(17,059)
245	HRA Services Share of Corporate and Democratic Core	352
2	HRA Share of other amounts included in the Whole Authority Net Cost of Services but not allocated to Specific Services	48
(5,150)	Net Expenditure on HRA Services	(16,659)
461	Loss/(gain) on Sale of HRA Non-Current Assets	231
2,626	Interest payable and similar charges	2,636
(22)	Interest and Investment Income	(23)
224	IAS 19 Pensions - Net Interest on Defined Assets/Liabilities	196
(111)	Capital Grants and Contributions Receivable	-
(1,972)	(Surplus)/Deficit for the year on HRA Services	(13,619)

20.2 – Movement in HRA Reserves

2013/14 £'000		2014/15 £'000
680	Balance on HRA working balance at the end of the previous year	680
1,972	Surplus for the year on the HRA Comprehensive Income and Expenditure Account	13,619
(1,654)	Adjustments between accounting basis and funding basis under statute	(11,542)
318	Net increase or (decrease) in year on the HRA	2,077
(318)	Transfers to Earmarked Reserves	(2,294)
-	Increase or (decrease) in year on the HRA Working Balance	(217)
680	Balance on the HRA at the end of the current year	463

20.3 – HRA – Adjustments between Accounting Basis and Funding Basis under Statute

2013/14 £'000		2014/15 £'000
	Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA Balance for the Year	
(450)	Gain/(loss) on Sale of HRA Non-Current Assets and Right to Buy Pooling	(231)
(536)	Impairment of Non-Current Assets	10,608
(42)	Amounts treated as revenue expenditure in accordance with the 'Code' but which are classified as capital expenditure by statute	(34)
111	Reversal of Non Specific Grants	-
(257)	Net Charges made for Retirement Benefits in accordance with IAS 19	(82)
	Items not included in the HRA Income and Expenditure Account but included in the movement on the HRA Balance for the Year	
2,862	Capital Expenditure funded by the HRA	1,297
(34)	Right to Buy Administration Costs Allowance	(16)
1,654	Adjustments between accounting basis and funding basis under statute	11,542

21.0 – Notes to the HRA

21.1 – Introduction

The Housing Revenue Account (HRA) is a record of revenue income and expenditure relating the Council's housing stock.

The items charged to the HRA are prescribed by statute and are funded by the rent collected. The HRA is ring fenced from the General Fund, the Council has no general discretion to transfer sums between the Housing Revenue and General Fund accounts. Selected housing services (e.g. homelessness) are charged to the General Fund account under direction from Government.

21.2 – Gross Rental Income

Gross rent Income is the total rent income due after allowance is made for void properties. At the end of 2014/15 an average of 2.22% of properties were vacant (1.49% 2013/14) an increase over the year due to decanting of and ceasing re-lets for development sites. The actual average rent for all stock was £98.33 per week in 2014/15 (£90.91 in 2013/14) leading to an actual gross rental income for dwelling rents of £14.5million for 2014/15 (£13.7million in 2013/14).

21.3 – Housing Revenue Account Self-Financing Transactions

With effect from April 2012 Housing Subsidy arrangements ceased for Uttlesford District Council and were replaced by a self-financing system giving local authorities greater autonomy and flexibility with its finances for the provision of council housing. At the outset of self-financing the council took on a loan of £88.407million, for which the 2014/15 accounts reflect related interest costs payable of £2.636million (£2.625million in 2013/14).

21.4 – Housing Stock

The dwellings held on the balance sheet can be broken down into the categories below:

31 March 2014		31 March 2015
No. of Properties		No. of Properties
736	Flats	721
753	Bungalows	753
1,354	Houses	1,341
2,843	Total Properties	2,815

The movement between 2013/14 and 2014/15 housing stock comprises of the following:

- 14 Flats moved to HRA Other L&B for short-term temporary accommodation, 4 of these are subsequently moved to the general fund
- 1 Sale of flat under Right to Buy
- 2 Houses moving to short-term temporary accommodation and converted into flats
- 11 Sale of Houses under Right to Buy

21.5 – Rent Arrears

2013/14		2014/15
£'000		£'000
	Arrears due from:	
423	- Current Tenants	469
26	- Former Tenants	47
449	Total Rent Arrears	516
3.2%	Total as a % of Gross Debt	3.6%

21.6 – Balance Sheet Value of Housing Revenue Assets

31 March 2014		31 March 2015
£'000		£'000
	Operational Assets comprising	
230,392	Dwellings	263,616
1,569	Garages	1,953
-	Temporary Accommodation	1,940
398	Vehicles, Plant, Equipment and Intangibles	410
383	Other Land and Buildings	240
604	Assets Under Construction	2,409
233,346	Total HRA Asset Value	270,568

The vacant possession value of dwellings within the HRA as at 1st April 2014 was £620.7million (£590.7million as at 1st April 2013). The difference of £378.6million between the vacant possession value and the balance sheet value of the dwellings represents the economic cost of providing council housing at less than open market value.

21.7 – Major Repairs Reserve

The major repairs reserve receives a credit transfer from the Housing Revenue Account (HRA) under the item 8 determination; this is an accounting adjustment in relation to capital charges on assets held within the HRA. The reserve can be used to finance capital expenditure.

2013/14		2014/15
£'000		£'000
-	Opening Balance 1 April	(91)
(3,291)	Transfer in	(3,267)
3,200	Capital Expenditure funded from reserve	3,227
(91)	Closing Balance 31 March	(131)

21.8 – Capital Financing

2013/14		2014/15
£'000		£'000
5,724	Total HRA Capital Expenditure	7,345
	Financed by:	
(1,977)	Revenue Contributions	(1,722)
(3,200)	Contribution from Major Repairs Reserve	(3,227)
-	Capital Receipts	(697)
-	Capital Grants	(1,699)
(5,177)	Total Financing	(7,345)

21.9 – HRA Contribution to Pension Fund

Under IAS19, the cost of retirement benefits is recognised in the net cost of service when employees earn them rather than when the benefits are eventually paid, this principle is applied to the HRA. In addition the HRA has been charged with its share of the net interest on the defined benefit liability/asset and related administration cost. All of these costs together have been matched by a transfer to the pension reserve so that the net outturn on the HRA is not altered by these IAS19 adjustments.

SECTION G – SUPPLEMENTARY FINANCIAL STATEMENTS – COLLECTION FUND

22.0 – Collection Fund Summary

Uttlesford District Council is the authority responsible for the billing, collection and recovery of council tax and business rates. The Council is required to maintain a separate income and expenditure account to reflect the transactions relating to the Collection Fund.

The Local Government Finance Act 2012 introduced a Business Rates Retention Scheme which enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the business rates came into effect on 1 April 2013.

22.1 - Collection Fund Income and Expenditure Account

2013/14				2014/15		
Business Rates £'000	Council Tax £'000	Total £'000	Collection Fund	Business Rates	Council Tax	Total
				£'000	£'000	£'000
-	(48,886)	(48,886)	Council Tax Payers	-	(50,541)	(50,541)
-	(375)	(375)	Historic Balance Adjustment	-	-	-
-	-	-	Council Tax Benefit	-	-	-
(40,576)	-	(40,576)	Business Rate Payers	(41,531)	-	(41,531)
(40,576)	(49,261)	(89,837)	Total Income	(41,531)	(50,541)	(92,072)
3,598	34,601	38,199	Essex County Council	3,690	35,673	39,363
-	4,505	4,505	Essex Police Authority	-	4,736	4,736
400	2,115	2,515	Essex Fire Authority	410	2,180	2,590
15,991	6,974	22,965	Uttlesford District Council	16,399	7,105	23,504
19,988	-	19,988	Central Government	20,499	-	20,499
39,977	48,195	88,172	Total Precept and Demand	40,998	49,694	90,692
-	300	300	Essex County Council	(287)	1,273	986
-	38	38	Essex Police Authority	-	166	166
-	18	18	Essex Fire Authority	(32)	78	46
-	60	60	Uttlesford District Council	(1,275)	255	(1,020)
-	-	-	Central Government	(1,594)	-	(1,594)
-	416	416	Total Distributions of Previous Years Surplus/(Deficit)	(3,188)	1,772	(1,416)
(4)	(9)	(13)	Provision for Doubtful Debts Adjustment	-	-	-
-	-	-	Business Rates: - Payments to the National Pool	-	-	-
138	-	138	Business Rates: - Cost of Collection Allowance to General Fund	139	-	139
11,524	-	11,524	Business Rates: - Provision created in year	2,079	-	2,079
-	-	-	Business Rates: - Provision released into Collection Fund	(4,395)	-	(4,395)
11,658	(9)	11,649	Total Other Expenditure	(2,177)	-	(2,177)
51,635	48,602	100,237	Total Expenditure	35,633	51,466	87,099
-	(1,587)	(1,587)	(Surplus)/Deficit as at 1 April	11,059	(2,246)	8,813
11,059	(659)	10,400	(Surplus)/Deficit for the Year	(5,898)	925	(4,973)
11,059	(2,246)	8,813	(Surplus)/Deficit as at 31 March	5,161	(1,321)	3,840

23.0 - Notes to the Collection Fund

23.1 – Council Tax Introduction

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated April 1991 valuations for this purpose. Individual charges are calculated by aggregating the requirements of Essex County Council, Essex Police Authority, Essex Fire Authority and the Council.

The average amount for a Band D property in 2014/15 was £1,440.47 (2013/14 was £1,440.62), is multiplied by the proportion specified for the particular band to give an individual amount due, to which must be added any parish precept.

The average Band D Council Tax bill including Parish Precepts in 2014/15 was £1,513.87 (2013/14 was £1,513.71).

23.2 – Council Tax Base

2013/14	Council Tax Base	2014/15
33,454	Total Dwellings	33,998
30,217	Net Chargeable Dwellings	30,914
34,362	Band D Equivalents	35,156
(2,550)	LCTS Discounts	(2,398)
293	Additions (Net of Discounts/Exemptions)	393
34,655	Total Band D Equivalents	33,151
34,184	Collection Rate 98.64% / 98.4%	32,620
205	M.O.D Properties	205
31,839	COUNCIL TAX BASE	32,826

23.3 – Council Tax Income Analysis

2013/14		2014/15
£'000		£'000
58,008	Gross Council Tax Collectable	58,878
(1,081)	Less: - Exemptions	(890)
(4,509)	Less: - Discounts	(3,979)
179	Less: - Council Tax Benefit	30
(3,670)	Less: - LCTS	(3,394)
2	Transitional Relief	1
(43)	Write-offs	(105)
48,886	Income from Council Tax Payers	50,541

23.4 – Council Tax Collection Fund Balance

31 March 2014		31 March 2015
£'000		£'000
(1,612)	Essex County Council	(948)
(211)	Essex Police Authority	(121)
(99)	Essex Fire Authority	(58)
(324)	Uttlesford District Council	(194)
(2,246)	Total Surplus Apportioned	(1,321)

23.5 – National Non Domestic Rates Introduction

Business Rates are derived from rates due for business premises. The rateable value payable by businesses is set by the valuation office and is outside the control of the council. The council acts as a billing agent for central government and its preceptors (Essex County Council, Fire Authority and the Police Authority).

The National Non Domestic Rateable value in the council's area as at 1st April 2014 was £102,029,762 (1st April 2013 was £101,804,977) and the multipliers, as specified by Central Government were 47.1p excluding small business surcharge (46.2p 2013/14) and 48.2p including small business surcharge (47.1p 2013/14). Based on the lower

rate this produced an approximate yield of £47.154million (£47.034million 2013/14). The difference between the approximate yield and the actual value of rate payers' income (as reported in the collection fund summary) is explained by the application of reliefs, discounts, void properties and movement on the bad debt provision.

23.6 – National Non Domestic Rates Income Analysis

2013/14		2014/15
£'000		£'000
46,914	Gross Business Rate Collectable	47,154
(1,717)	Small Business Rate Relief	(1,972)
(1,838)	Mandatory Relief	(2,000)
(2,190)	Property Relief	(962)
(265)	Discretionary Relief	(643)
(328)	Bad debt	(46)
40,576	Income from Business Rates Payers	41,531

23.7 - National Non Domestic Rates Fund Balance

31 March 2014		31 March 2015
£'000		£'000
5,530	Central Government	2,580
996	Essex County Council	464
110	Essex Fire Authority	52
4,423	Uttlesford District Council	2,065
11,059	Total Deficit Apportioned	5,161

STATEMENT OF ACCOUNTING POLICIES

P1. GENERAL PRINCIPLES

The general principles adopted in compiling the Accounts are consistent with The 'Code' of Practice on Local Authority Accounting in the United Kingdom (The 'Code') and the Service Reporting Code of Practice; issued by CIPFA and supported by International Financial Reporting Standards (IFRS).

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

IAS 1 'Presentation of Financial Statements' specifies the information to be included in the financial statements but not the format. In addition the standard specifies the information to be disclosed within the financial statements on the face of the statements or in the associated notes. One of the key requirements of the standard is that assets and liabilities or income and expenditure should not be offset against each other.

P2. ACCRUALS OF INCOME AND EXPENDITURE

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Salaries, wages and employment related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the financial year is recognised in the Accounts to the extent that employees are permitted to carry forward the leave entitlement.
- Goods and Services are recorded as expenditure when they are consumed, and where there is a gap between the date supplies are received and their consumption, they are carried as stock on the balance sheet where the stock category value is more than £10,000.
- A minimum transaction value of £1,000 has been applied in determining whether to accrue for income and expenditure in line with the first and third bullet points above.
- Capital works are charged as expenditure when they are completed, before which they are carried as Assets under Construction on the balance sheet.
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where income and expenditure has 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Where the council is acting as an agent for another party (for example collection of NNDR and Council Tax), income and expenditure are recognised only for the Council's share of the income and as well as any administration costs that the Council is entitled to recover for the agency services performed.

P3. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that has a high probability of a settlement being required by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the agreement of a settlement or the payment of compensation.

Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year; where it becomes more likely that a transfer of economic benefits will not now be required, (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service revenue account.

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation which will only be confirmed by the occurrence of an uncertain future event/s which is not wholly in the control of the Council. Contingent liabilities also arise where the amount of the obligation cannot be reliably measured.

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, which gives the Council a possible asset; which will only be confirmed by the occurrence of a future event/s not wholly within the Council's control.

Contingent Assets are not recognised in the Balance Sheet, but disclosed in a note to the Accounts. NB – as no items in the SoA no need for policy (still retain in event of having some though?)

P4. RESERVES

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

Certain reserves (Unusable reserves) are held to manage the accounting processes for long-term assets, financial instruments, collection fund and retirement benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies below.

P5. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of entitlement to the grant/contribution, and there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate.

Conditions specify the future use of the asset. For example Disabled Facilities Grant is given to the Council to finance disabled adaptations within the community and if the grant is not spent on these items it has to be returned.

Government Grants and Contributions (Revenue)

Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Revenue Grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied, the grants or contributions are credited to the Service line of the Comprehensive Income and Expenditure Statement.

Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the Corporate Items section of the Comprehensive Income and Expenditure Statement after the Net Cost of Services.

Government Grants and Contributions (Capital)

Capital grants and contributions without conditions; are credited to the Comprehensive Income and Expenditure Statement, and reversed out of the General Fund/Housing Revenue Account in the Movement in Reserves Statement. Where grants and contributions expenditure remains to be incurred, the monies are credited to the Capital Grants Unapplied Account (usable reserve) in the Balance Sheet. For Capital Grants and Contributions with conditions, if the conditions remain to be met, the monies are credited to Capital Grants Receipts in Advance Account (Creditor), and reviewed annually to determine whether the Grant or Contribution should be repaid. Where the Grant/Contribution can be applied, it is posted to the Capital Adjustment Account. Grants and Contributions in the Capital Grants Unapplied Account should eventually be transferred to the Capital Adjustment Account.

P6. RETIREMENT BENEFITS

Employees and Councillors of the Council are members of The Local Government Pension Scheme, administered by Essex County Council. The Scheme provides defined benefits to members of the scheme (retirement lump sums and pensions), earned as employees/councillors work for the Council.

The Local Government Pension Scheme

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

- The liabilities of the Essex County Council Pension Scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method- i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 3.2% (based on the indicative rate of return on high quality corporate bonds).
- The assets of the Essex County Council Pension Fund attributable to the Council are included in the balance sheet at their fair value as follows:
 - quoted securities – current bid price
 - unquoted securities - professional estimate
 - unitised securities - current bid price
 - property - market value

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

- Current Service Cost - the increase in liabilities as a result of years of service earned this year, allocated to the service line of the Comprehensive Income and Expenditure Statement.
- Past Service Costs - the increase in liabilities arising from current year decisions whose effect relates to years of service in earlier years charged to the Surplus/Deficit on provision of services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Net Interest on the defined benefit liability – this is the net interest expense for the Council. It represents the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income & 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 financial period whilst taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurements comprising:-
- Return on Plan Assets – excluding the amounts included in net interest on the net defined benefit liability. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses - changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Essex County Council Pension Fund – the cash paid by the Council as employer's contributions to the pension fund; which is not treated as an expense in the Council's Accounts.

In relation to retirement benefits, statutory provisions required the General Fund balance to be charged with the amount payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and any amounts payable to the fund but unpaid at the year end.

The negative balance that arises on the Pension Reserve at the end of the relevant accounting period reflects the beneficial impact to the General Fund of being required to account for retirements on a cash basis rather than as benefits as earned by the employee.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme. These powers were not used in 2014/15.

P7. TERMINATION PAYMENTS

Termination payments are amounts payable as a result of the Council's decision to terminate an employee's employment before the normal contractual (fixed term contract) or retirement date or an employee's decision to accept voluntary redundancy.

Termination payments are charged to the Comprehensive Income and Expenditure Statement on an accruals basis, on demonstration of the commitment to the termination arrangements.

For termination payments' involving enhanced pension payments, statutory legislation requires that the General Fund balances are charged with the amount payable by the Council to the Pension Fund, not the amount calculated according to relevant accounting standards. In line with the Pension Fund accounting policy, arrangements are made through the Movement in Reserves Statement to replace the accounting arrangements with regulatory requirements.

P8. VALUE ADDED TAX

Income and expenditure within the Comprehensive Income and Expenditure Statement excludes any amount related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

P9. 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 Service Reporting Code of Practice. 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 costs of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in The Service Reporting Code of Practice and are accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Cost of Services.

P10. INTANGIBLE FIXED ASSETS

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the appropriate revenue account over either a five or seven year period, to reflect the assets consumption.

A de-minimis amount of £10,000 is applied to all intangible assets.

Internally generated assets are capitalised where it is demonstrated that the project is technically feasible and is intended to be completed, the costs are directly attributable to bringing the asset into operation and the costs can be reliably measured.

Since Intangible assets have short useful lives and are low in value, the council has elected to adopt a depreciated historic cost valuation for these assets.

P11. PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the production or supply of goods and services, for rental or administration purposes and are expected to be used during more than one financial year; are classified as Property, Plant and Equipment.

Plant and Equipment includes all vehicles but excludes all miscellaneous furniture and equipment with an individual value of less than £10,000.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of assets (e.g. repairs and maintenance) is charged to revenue as it is incurred.

A de-minimis amount of £10,000 is applied to all property, plant and equipment.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. The Council does not capitalise borrowing costs.

Donated assets are measured at fair value. Any difference between the fair value and the consideration paid is credited to the Taxation and Non Specific Grants line of the Comprehensive Income and Expenditure Statement, unless there is a condition on the donation. Should there be a condition, the gain is held in the Donated Assets Account until the condition is met or the asset is returned. Gains credited to the Comprehensive Income and Expenditure Statement is reversed out of the General Fund Balance to the Capital Adjustment account in the Movement in Reserves Statement.

Assets are then carried in the balance sheet using the following measurement basis:

- Dwellings- fair value, determined using the basis of existing use value for social housing (EUV/ SH).
- Infrastructure assets and community assets at depreciated historical cost.
- Assets under construction are held at historic cost.
- All other property assets – fair value, determined by the amount that would be paid for the asset in its EUV.
- The council has elected to use the depreciated historic cost, as a proxy to fair value, for non-property assets with low value and short useful lives; for example furniture and equipment assets.

- It is assumed all assets are fully expended at the end of their useful life and therefore it is assumed there is no residual value.
- Where there is no market-based evidence of fair value because of the specialist nature (for example Leisure Centre, Day Centre's etc.) depreciated replacement cost (DRC) is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

Where there is a decrease in valuation, which is due to a price decrease and is directly attributable to one particular asset; the revaluation loss is accounted for as follows:

- Where there is a revaluation gain balance for the asset in the Revaluation Reserve, the loss is written against the balance up to the amount of the accumulated gain.
- Where there is no revaluation gain against the asset in the Revaluation Reserve or insufficient balance; the loss is written down against the relevant service line 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.

Valuation

Asset valuations were carried out as at 1st April 2014 by Wilks, Head and Eve LLP.

Valuations of General Fund Land and Buildings are carried out on an annual basis, as at the 1st April. Council dwellings will continue to be valued annually by assessing the value of Beacon properties. A number of Beacon properties have been identified as being typical for a particular size and type of dwelling. These properties are valued and the assessed value is applied to all properties of a similar size and type. This is the accepted method of valuation for Council dwellings under 'The 'Code''.

Impairment

Assets are assessed at each year end as to whether there is an indication of impairment. Where impairment exists and differences in value are estimated to be material, an impairment loss is recognised.

Impairment losses are accounted for as follows:

- Where there is a balance on the Revaluation Reserve against the asset, the loss is written down against the balance up to the amount of the accumulated gains.
- Where there is no balance in the Revaluation Reserve or insufficient balance, the loss is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where a previous impairment loss is reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusting for depreciation that would have been charged had the loss not been recognised.

Where the impairment is permanent the treatment is the same as disposal of asset at nil value.

Disposals – Assets Held for Sale

When it becomes probable that an asset will be disposed of or decommissioned, the asset is reclassified as an Asset Held for Sale – a current asset within the Balance Sheet. In order to be classified as an Asset Held for Sale, the following conditions need to be met:

- The asset must be available for immediate sale and the sale must be highly probable.
- An active marketing plan is being followed and supported by management.
- The asset should be marketed for sale at a price that is reasonable, relative to its fair value.
- The sale is expected to be concluded within 12 months.

If these conditions are not fulfilled the asset should be classified as a Surplus Asset.

The asset is revalued before reclassification and carried at fair value less the cost of disposal. On disposal, any loss is recorded in the Other Operating Expenditure line of the Comprehensive Income and Expenditure Statement.

Assets which are abandoned or scrapped are not reclassified as Assets Held for Sale. The book value of such assets is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement; with receipts from the asset, if any, being credited to the same line. Any accumulated gains held in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received in excess of £10,000 are categorised as capital receipts.

A proportion of receipts relating to dwelling disposals (75%), net of statutory deductions and allowances and up to a cap set by Central Government, the balance of these receipts are required to be credited to the capital receipts reserve and can only be used for capital investment in new social housing to a maximum of 30% of total capital costs.

All other housing receipts are appropriated to the capital receipts reserve within the Movement in Reserves Statement and are ring fenced to the Housing Revenue Account.

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

The Council will use the Net Book Value at the start of the year of disposal rather than revaluing the asset at the time of disposal to determine the profit or loss on the sale.

Depreciation:

Depreciation is provided for on all Property, Plant and Equipment with a determinable finite life by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use. The estimated useful life of each asset is determined at the start of the year after the asset is brought in to use.

Assets that are not yet available for operational use, e.g. Assets under Construction, are not depreciated.

Depreciation is calculated on the following basis:

- Dwellings - the Major Repairs Allowance is used as a proxy for depreciation in the Housing Revenue Account.
- Other buildings – straight line allocation over the life of the property as estimated by the valuer no longer than 35 years.
- Vehicles, Plant and Equipment – straight line allocation over the life of the asset of between 5 and 7 years.
- Infrastructure – straight line allocation over a minimum of 20 years.

Where an item of Property, Plant and Equipment has major components with different estimated useful lives, these are depreciated separately (refer to policy on Componentisation).

Revaluation gains are also depreciated at the start of the year after the asset has been revalued, 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.

Componentisation

A component is a part of an asset, which has to be separately identified for the purposes of assisting more accurate financial reporting and asset management.

A component must have the following factors:

- A significantly different useful life from the parent asset.
- A significantly different cost to the parent asset.
- Provide an economic or service benefit to the Council's services, which is materially different to the rest of the asset.

Taking into account the above, the following guidelines have been applied in order to implement the accounting requirements efficiently and effectively:

- A de-minimis value of £150,000, or 25% or more of the value of the parent building component.
- Componentisation must take place at the valuation, acquisition and enhancement of the parent asset.

Under the 'Code' componentisation is not retrospective and effective from 1 April 2010. The application of componentisation will result in a change in the accounting estimate under the 'Code'.

In line with the above policy, the following assets have been componentised as a result of the full revaluation of the Council's asset base:

- Dunmow Sports Centre.
- Lord Butler Fitness and Leisure Centre.
- London Road Offices Saffron Walden.
- Oakwood Park.

Each asset has been split into at least 2 material components.

P12. CHARGES TO REVENUE FOR FIXED ASSETS

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Impairment losses attributable to the clear consumption of economic benefits on Property, Plant and Equipment used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (This is calculated using 'option 3' the Asset Life Method). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

P13. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure that may be capitalised under statutory provisions but does not result in the creation of fixed assets for the Council (for example Disabled Facilities Grants) has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, or by borrowing, a transfer to the Capital Adjustment Account from the General Fund Balance, within the Movement in Reserves Statement, then reverses out the amounts charged so there is no impact on the level of Council Tax.

P14. HERITAGE ASSETS

The Council's Heritage Assets are held for the primary objective of increasing the knowledge, understanding and appreciation of the Council's history and local area. Under the SORP, Heritage Assets are to be recognised and measured in accordance with the Council's accounting policies on Property, Plant and Equipment (P101, above). However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council's collections of heritage assets are accounted for as follows:

Property Heritage Assets: Saffron Walden Motte and Bailey Castle

This asset is held on the balance sheet at historic cost incurred since April 2007 as the Council considers that the cost of obtaining a robust valuation would be disproportionate to the benefit of the user of the financial statements. The carrying value of the property assets will be reviewed annually for evidence of impairment in relation to physical damage.

Heritage Assets held on Balance Sheet: Saffron Walden Museum Artefacts

The remaining heritage assets are not included on the balance sheet because the Council considers that obtaining reliable valuations of such items, which are large in number and are mostly unique and specialist in nature, is not straightforward and it would be disproportionately expensive to obtain accurate accounting valuations for the purpose of including these asset values on the Council's balance sheet. The collection of heritage assets will be annually reviewed for impairment as a result of damage or doubts over authenticity and be accounted for in line with the Council's impairment arrangements. The collection of artefacts is relatively static, acquisitions and disposals are rare. Donations to the collection where material will be valued and accounted for accordingly.

In general, heritage assets are deemed to have indeterminate lives and a high residual value, hence the Council does not consider it appropriate to charge depreciation.

P15. LEASES

The Council as lessee

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Where the lease covers land and buildings, each element is considered separately. Rentals payable are apportioned between:

- a charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with Property, Plant or Equipment, valued at fair value) the liability is written down as the rent becomes payable), and
- a finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rent becomes payable)

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to these assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise Council Tax to cover depreciation, revaluation or impairment losses on leased assets. These charges are therefore replaced by a revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Operating Leases

Leases where no risks or rewards are transferred to the Council are accounted for as operating leases. Rentals payable are charged to the relevant service line within the Comprehensive Income and Expenditure Statement on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over Property, Plant and Equipment (for example the lease of Turpin's Bowling Hall), 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. These credits are based on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

P16. CASH AND CASH EQUIVALENTS

Cash and bank balances are recorded at the current value of these balances in the Council's cash book. Cash equivalents are investments, excluding Fixed Term Deposits; that can be converted to cash in a short time frame, for known amounts, with insignificant risk of a change in value. Fixed Term Deposits have been classified as Short Term Investments, as by their very nature they cannot be called in earlier than the date of their maturity.

P17. FINANCIAL INSTRUMENTS**Financial Liabilities**

Financial Liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to 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.

Financial Assets

Financial Assets are classified into two types:

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

Loans and Receivables

Loans and Receivables are initially measured at fair value and carried at their amortised cost. Annual credits to 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 all the loans the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

P18. INVENTORIES

A de minimis level of £10,000 has been set for the recognition of stock in the Council's balance sheet. The various stock categories are valued as follows:

- Housing stores: valued at the latest purchase price paid*.

- Building Maintenance: work in progress is valued at cost, which includes an element of the Council's cost of supervision and management.

*Whilst this is a departure from IAS2 which requires stocks to be shown at the lower of cost and net realisable value, the effect of the different treatment is not material.

P19. INTERESTS IN COMPANIES AND OTHER ENTITIES

Material entities over which the Council has the power to exercise control/significant influence, or joint influence, to obtain economic or other benefit, are classified as a subsidiary/associate or Joint Venture relationship. Where material, such transactions will result in the preparation of Group Accounts and specific disclosures.

The Council does however participate in a joint operation which is not performed through a separate entity. The Parking Partnership is a joint committee arrangement (refer to note 15.2) where the Council records its share of the joint committee arrangement's income and expenditure, gains and losses, assets and liabilities and cash flows within its statutory accounts.

P20. PRIVATE FINANCE INITIATIVE (PFI)

The Council has a sports PFI scheme, which falls under the arrangements of the International reporting Standard – IFRIC 12 'Service Concession Arrangements'.

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

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets over the life of the contract.

For details of how the related Long Term Assets are recognised and valued on the Balance Sheet, please refer to section P11.

The amount payable to the PFI operator each year is analysed into five elements:

- Fair value of the services during the year – debited to the relevant service line in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge 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.
- Lifecycle replacement costs – debited to the relevant service in the Comprehensive income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance sheet liability towards the PFI operator.

P21. LONG-TERM DEBTORS

These are amortised by an annual amount equalling the annual repayments of principal paid by borrowers.

P22. COUNCIL TAX

The Council as 'billing' authority acts as agent with regards to the collection and distribution of Council Tax on behalf of itself and Essex County Council, Essex Police Authority, Essex Fire Service and the various town and parish councils. In line with these agency arrangements, in order to reflect the risks and rewards accurately within the Council's accounts, the following transactions need to be reported:

- The agency share of Council Tax income is not included in the Council's Comprehensive Income and Expenditure Statement, as it is not part of the council's operating activities.
- A debtor/creditor to reflect the difference between the various preceptors share of the cash collected in the year and the cash paid to the preceptors on account in line with the appropriate regulations will be included in the Council's balance sheet.
- The council's cash flow statement only includes the council's share of council tax, net of cash collected and precepts paid to it.

P23. NATIONAL NON DOMESTIC RATES (NNDR)

The accounting treatment for NNDR is based on the principle that the Council is the 'billing' authority, acting as the agent for Central Government and its Preceptors in the collection of NNDR. The following accounting arrangements have been put in place:

- The agency share of NNDR income is not included in the Council's Comprehensive Income and Expenditure Statement, as it is not part of the council's operating activities.
- The cost of collection received by the Council is reported as income in the Comprehensive Income and Expenditure Statement.
- The agency share of NNDR debtors, creditors and impairment losses are not the assets or liabilities of the Council and are replaced in the balance sheet by a net debtor/creditor for Central Government and each of the Preceptors.

P24. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

The Council has made no material changes to the accounting policies apart from those required under the 'Code'.

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Where a change is made to an accounting policy it is applied retrospectively by adjusting opening 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.

P25. EVENTS AFTER THE REPORTING PERIOD

Such events can be both favourable and unfavourable, occurring between the end of the reporting period and the date when the Statement of Accounts are authorised for issue. Where the event is material to the content of the Accounts and there is evidence that the event existed at the end of the reporting period, the Statement of Accounts is adjusted to reflect the impact of the event. Events arising after the reporting period are not adjusted in the Accounts for. A disclosure is made detailing the nature of the event and the estimated financial impact.

P26. STANDARDS ISSUED BUT NOT ADOPTED

The 2014/15 code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the 'Code'. The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 'Code' for the relevant financial year. The standards introduced in the 2015/16 code that are relevant to these requirements are listed as follows:

- IFRS 13 – Fair Value Measurement (May 2011) (adopted in part)
- IFRIC 21 - Levies
- Annual Improvements to IFRSs 2011-2013 Cycle

P27. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF UNCERTAINTY

The preparation of the Statement of Accounts 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.

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. 8.1% 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.

Item	Uncertainties	Effect if actual results differ from assumptions
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. An 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 2015, the Council had a balance of £4.3m for debtors. A review of balances suggested that an impairment of doubtful debts of £1.4m 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 2015, the Council recognised a provision of £3.7m 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 Analyse Local. 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.

ANNUAL GOVERNANCE STATEMENT

1 SCOPE OF RESPONSIBILITY

- 1.1 Uttlesford District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Uttlesford District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Uttlesford District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Uttlesford District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the authority's code is on our website at www.uttlesford.gov.uk or can be obtained from the Council Offices, London Road, Saffron Walden, Essex, CB11 4ER. This statement explains how Uttlesford District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Uttlesford District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

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

3 THE GOVERNANCE FRAMEWORK

- 3.1 Some of the key features of the governance framework are set out in the following paragraphs.
- 3.2 The Uttlesford District Council Corporate Plan 2014 to 2019 outlined the vision, aims and four priority areas and it is complemented by the Medium Term Financial Strategy and together these represent the key planning documents for the Council. The Corporate Plan is reviewed annually and takes account of feedback from public consultation carried out via a Citizens Panel. The Corporate Plan 2015-2020 was approved by members at the Council Meeting held in February 2015.
- 3.3 Delivery of the Council's Corporate Plan is supported by directorate and service plans in which the corporate objectives are translated into more specific aims and objectives. These are then fed down into individual performance development reviews through the council's U-Perform system. These all include targets and, where appropriate, service standards against which service quality and improvement can be judged. Performance is monitored by individual services and formally reviewed quarterly by the Corporate Management Team (CMT) and the Council's Performance & Audit Committee. Satisfaction surveys and a formal complaints procedure allow the Council to gauge customer satisfaction.
- 3.4 Uttlesford District Council has adopted a Constitution which establishes the roles and responsibilities for members of the executive (the Cabinet), Performance & Audit, Scrutiny, and Standards Committees, together with officer functions. It includes details of delegation arrangements, the Members' Codes of Conduct and protocols for member/officer relations. The Constitution is kept under review to ensure that it continues to be fit for purpose. The Council has adopted a new regime pursuant to the Localism Act 2011 and appointed a new Standards Committee from 01 July 2012. Conduct of officers is directed by Human Resource Policies ("HRP") and through the values and behaviours which are part of the Council's individual performance review system known as 'U-Perform'.
- 3.5 The Constitution contains procedure rules, standing orders and financial regulations that clearly define how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Monitoring Officer and Chief Financial Officer are described together

with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Corporate Management Team. The Constitution also contains a Statutory Officers Protocol.

- 3.6 In 2010 CIPFA published a statement on the role of the chief financial officer in local government, setting out core principles and standards relating to the role of CFO and how it fits into the organisation's governance arrangements. The Council complied with the CIPFA statement in 2014/15.
- 3.7 In 2010 CIPFA published a CIPFA Statement on the Role of the Head of Internal Audit, setting out core principles and standards relating to the role of the Head of Internal Audit and how it fits into the organisation's governance arrangements. The Council complied with the CIPFA statement in 2014/15.
- 3.8 The primary counterbalances to our Cabinet are the Scrutiny and the Performance & Audit Committees. The role of these committees is to provide a robust challenge to the Executive.
- 3.9 The Performance & Audit Committee monitors the performance of the Council, fulfilling the Council's Audit Committee core functions in respect of External Audit, Internal Audit and Risk Management and Performance Management. The Committee can, and does, request assurance from the relevant Cabinet member when there is consistent underperformance in a particular service area/indicator.
- 3.10 The Council has a formal complaints procedure which allows the public or other stakeholders to make a complaint regarding the service received from the Council or on the conduct of Members. The Standards Committee has responsibility for overseeing the investigation of complaints against members. For the period 01/04/14 to 31/03/15, there were 30 allegations received of a breach of the Code of Conduct concerning 15 councillors. 10 were against parish councillors, 20 against district councillors. 6 complaints against parish councillors and 14 complaints against district councillors were made by members of the public. 3 complaints against parish councillors were made by parish councillors and 1 complaint was received from a town clerk. 4 complaints against district councillors were made by district councillors, 1 by a parish councillor and 1 by an officer of the council. 3 complaints against parish councillors and 4 complaints against district councillors were passed for investigation. In all 3 cases involving parish councillors there was a finding of a breach of the Code of Conduct although in 1 case that finding is awaiting verification by the Standards Committee. In 1 of those cases the subject member was recommended to undergo training. In the other decided case the Standards Committee considered that no further action was required. 4 allegations against

district councillors were passed for investigation. 1 investigation is ongoing. In the other 3 cases there was a finding that the Code of Conduct had not been breached.

- 3.11 The Council has policies to safeguard both itself and its staff when making decisions. A Counter Fraud and Corruption Strategy and Policies, including the Council's Fraud Response Plan, Whistleblowing and Bribery Act 2010 Policies have been developed and communicated to all staff via the internet and as part of the Induction process. This Strategy and Policies provide clear reporting channels and were reviewed during 2014/15 and published in April 2015.
- 3.12 The Council has embedded Risk Management throughout its activities with the Corporate Risk Register directly linking to the aims set out in the Council's Corporate Plan. Each member of CMT and the Community Partnerships and the Street Services Operations managers provide updates to CMT, via a report collating service area developments, performance data and risk register updates, thus the links between performance, risk and actions are clearly set out and closely monitored. The Corporate Risk Register is reviewed quarterly by the Performance & Audit Committee. The Corporate Risk Register was comprehensively rewritten at the end of 2014/15.
- 3.13 Performance Management is monitored through quarterly reporting to CMT and the Performance & Audit Committee on 16 Key Performance Indicators along with more than 30 other Performance Indicators. In 2014/15 the Performance & Audit Committee sought additional assurance, including benchmarking data, regarding the council's level of missed bins and also discussed staff sickness levels and recycling rates.
- 3.14 All Council services are delivered by trained and experienced officers. Job Descriptions and Person Specifications are in place for all posts to ensure that the best candidates are appointed into each position. A significant commitment has also been made towards retaining good staff, by offering numerous 'work friendly' schemes and where possible encouraging succession planning and promotion from within. This ensures that valuable skills and experience are retained and passed on, rather than being lost. Training needs are identified through the U-Perform appraisal system.
- 3.15 The individual performance review system known as 'U-Perform' has been operated in the council for three years. Staff are measured against operational objectives that are linked through to the Corporate Plan via service and directorate objectives. U-Perform also identifies developmental and training needs to ensure that appropriate training is made available to staff to ensure that individuals are able to undertake their present role effectively and that they have the opportunity to develop to meet their and the Council's needs.

- 3.16 During 2014/15 the Planning Committee has benefited from training sessions before meetings. The Performance and Audit Committee was given training during the year, focusing particularly on the audit side of the committee's work. The Members Bulletins provide regular updates to Members on relevant corporate matters, service specific items, legislative changes etc.
- 3.17 The Council continues to ensure it is open and accessible to the community. In 2014/15 it has:
- Continued to regularly survey the view of residents through its Citizens Panel and refreshed the membership of the panel to improve further demographic representation
 - Published further information on the transparency section of the website to meet new guidelines
 - Continued audio streaming and recording of meetings of the Planning Committee, Full Council and Cabinet and the sign-off of the Statement of Accounts at Performance and Audit Committee
- All Committee meetings are open to the public except where personal or confidential matters are discussed. All agendas and minutes are placed on-line, along with the Council's policies and strategies. These items are also available by directly contacting the Council. When identifying the priorities and objectives for the Corporate Plan the views of stakeholders and the wider community are sought through a number of consultation mechanisms, and are taken into account. The Corporate Plan is made available to all via the Council's website.
- 3.18 During 2014/15 the Council's Scrutiny Committee has looked at various areas of council decision making and service delivery, including day centres, Saffron Walden Museum and Castle, rural broadband provision, the Local Plan, the 2015/16 budget proposals and sports facility provision. A summary of the year's work can be found at Item 9 of the 24 March 2015 Scrutiny Committee.
- 3.19 There are terms of reference and constitutions set up for key partnerships which ensure that all members of the partnership act lawfully throughout the decision making process. Uttlesford Futures has a comprehensive Governance Handbook and the terms of reference for all of the working groups are constantly reviewed to ensure they comply with the overarching document. Key partnerships include the Local Strategic Partnership - Uttlesford Futures; the Public Law Partnership and the North Essex Parking Partnership. We also work closely with Braintree, Harlow and Epping Forest for shared provision of insurance, energy efficiency, and elements of Building Control.
- 3.20 The Council has a dedicated team responsible for change and transformation. The team use Prince2 methodology on all major projects. In addition, as necessary, specialist project teams are established for the big system changes we undertake.

4 REVIEW OF EFFECTIVENESS

- 4.1 Uttlesford District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 The Council's Monitoring Officer (the Assistant Chief Executive – Legal) has responsibility for overseeing the implementation and monitoring the operation of the Code of Corporate Governance, maintaining and updating the Code in the light of latest guidance on best practice, considering any changes that may be necessary to maintain it and ensure its effectiveness in practice. All reports to Cabinet, Committees and Council are seen by the Assistant Chief Executive – Legal to ensure compliance with legal requirements.
- 4.3 The Council's Section 151 Officer has responsibility for the proper administration of the Council's financial affairs. This includes responsibility for maintaining and reviewing Financial Regulations to ensure they remain fit for purpose, and submitting any additions or changes necessary to the full Council for approval. The Section 151 Officer is also responsible for reporting, where appropriate, breaches of the Regulations to the Cabinet and/or the Council. All reports to Cabinet, Committees and Council are seen by the Section 151 Officer to ensure compliance with financial requirements.
- 4.4 The Council's Internal Audit Service, via a specific responsibility assigned to the Internal Audit Manager, is required to provide an annual independent and objective opinion to the Authority on its risk management, governance and control environment. The Internal Audit Manager's Annual Report and Opinion for 2014/15 concluded on balance that the audit opinion on the control environment for 2014/15 is that risks material to the achievement of the objectives for the audited areas identified by Internal Audit were, on balance, substantially managed and controlled.
- 4.5 In addition to the above, the Council has conducted a formal review of its internal control environment and collated evidence and assurance from a variety of sources. This has included the collation of assurances from all CMT members on the effectiveness of the internal control environment. A review of the returns concluded that based on this self-assessment, effective controls were in place.

- 4.5 With effect from 1 April 2013, the work of the Council's Internal Audit has been governed by the UK Public Sector Internal Audit Standards (PSIAS) which have replaced the CIPFA Code of Practice for Internal Audit in the UK. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF, additional requirements and interpretations for the UK public sector have been inserted in such a way as to preserve the integrity of the text of the mandatory elements of the IPPF). The PSIAS are mandatory for all internal auditors working in the UK public sector. An internal assessment of the performance of Internal Audit and its conformance with the PSIAS has been undertaken and the findings of this review have been reported to Members for their consideration as part of the Internal Audit Manager's Annual Report and Opinion. An essential element of this assessment is to ensure that the annual audit opinion issued by Internal Audit may be relied upon as a key source of evidence and assurance.
- 4.7 In April 2015, the Performance and Audit Committee carried out the annual review of its effectiveness as an audit committee during 2014/15 using the CIPFA self-assessment checklist and was considered to be substantially compliant in all material respects.
- 4.8 The Council has a Performance Management Framework through which the quality of service can be measured by performance indicators. Most indicators are monitored on a quarterly basis; some are bi-annual or annual. All are discussed by the Corporate Management Team and the top two of three layers of indicators are reported to Committee.
- 4.9 EY were appointed as the Council's External Auditor from 01 September 2012 and are responsible for reviewing the Council's Statements of Accounts. In addition to reviewing the 2013/14 Statement of Accounts, EY issued a formal opinion on the Council's arrangements for securing Value for Money concluding that the council had made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

5 SIGNIFICANT GOVERNANCE ISSUES

5.1 Significant Issue from 2013/14

There was one significant governance issue relating to the working relationship between the North Essex Parking Partnership (NEPP) partner Internal Audit sections identified in the 2013/14 Annual Governance Statement. This issue has been favourably resolved and the Council's Internal Audit section has been able to undertake detailed audit work and provide assurance on systems and controls relating to the monitoring and management of the car parking services provided by the NEPP.

5.2 Significant Control and Governance issue identified 2014/15

In the 2012/13 Annual Governance Statement we identified as a Significant Governance Issue that there was no formal mechanism currently in place for an annual appraisal to review the performance of the Chief Executive against the Corporate Plan objectives. It was expected that this would be addressed by the introduction of a formal system of annual appraisal to review the performance of the Chief Executive during 2013/14.

The council's U-Perform process requires all members of staff to have objectives set against which their performance is measured in their annual appraisal.

The Chief Executive's objectives continue to be set in the council's Corporate Plan and reviewed and agreed annually with the Leader and Members; however there remains no formal mechanism in place for an annual appraisal akin to the U-Perform process to provide a written appraisal of the Chief Executive's performance against the objectives.

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

Signed: _____

John Mitchell
Chief Executive

Signed: _____

Howard Rolfe
Leader of the Council

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