STATEMENT OF ACCOUNTS 2014/15

Forest of Dean
DISTRICT COUNCIL

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INTRODUCTION TO FOREST OF DEAN DISTRICT COUNCIL

Address and Telephone Number

Address:	Forest of Dean Council Offices, High Street, Coleford, Gloucestershire, GL16 8HG
Telephone (All Departments):	01594 810000
Fax (All Departments):	01594 810535
Website:	www.council@fdean.gov.uk

Chairman of the Council	Councillor J Horne
Vice Chairman of the Council	Councillor N Stephens (to 3rd August 2014) Councillor D Thomson (from 23rd October 2014)

Cabinet in 2014/15

Leader of the Council and Cabinet Member for Regeneration	Councillor P Molyneux
Deputy Leader of the Council and Cabinet Member for an Efficient Council and Planning Policy	Councillor B Robinson
Cabinet Member for Strategic Projects and Partnerships	Councillor D Edwards
Cabinet Member for Community	Councillor T Hale
Cabinet Member for Environment	Councillor M Quaile (to 30th November 2014) Councillor Marrilyn Smart OBE (from 1st December 2014)

Chairman of Committees in 2014/15

Licensing Committee	Councillor B O'Neill
Planning Committee	Councillor T Glastonbury
Strategic Overview and Scrutiny Committee	Councillor P Burford
Audit Committee	Councillor R Birch

Chief Officers in 2014/15

Head of Paid Service	Ms S Pangbourne
Strategic Director	Mr P Hibberd
Section 151 Officer	Mr P Jones
Monitoring Officer / Legal Service Manager	Mrs C Hughes

External Auditor in 2014/15

Appointed Auditor:	Grant Thornton LLP
Address:	Hartwell House, 55-61 Victoria Street Bristol, BS1 6FT

Bankers in 2014/15

Bankers:	Co-operative Bank PLC
Address:	23A St Aldate Street, Gloucester, GL1 1RU
	Lloyds Bank (from 2nd March 2015) 130 High Street, Cheltenham, GL50 1EW

FOREST OF DEAN PROFILE

The Forest of Dean district has a population of 82,000 (2011 Census) living in an area covering 585 square kilometres. Over 100 square kilometres of this is woodland managed by the Forestry Commission. The district has four main towns and many smaller, rural settlements where the majority (approximately 58%) of the population live. For residents the "specialness" of the area is important arising from its cultural identity and natural environment.

There are a number of challenges facing the council including closing the funding gap, delivery of our regeneration aspirations, service improvement and service commissioning. However the council is innovative and has put in place extensive plans to ensure that we get the most out of our services at a reasonable cost.

COUNCIL VISION AND PRIORITIES

The council’s vision is for the Forest of Dean District to be a great place to live, work and stay. The council’s corporate priorities are:

- Provide value for money services
- Promote thriving communities
- Encourage a thriving community
- Protect and improve our environment.

POLITICAL STRUCTURE

The council has 48 elected members representing 27 wards within the Forest of Dean. Elections are held every four years, with the latest elections held in May 2015. There is no overall political control. There are also 41 parish councils within the Forest of Dean, who hold elections every four years, with the latest elections held in May 2015. However, vacancies may arise from time to time if a councillor or parish councillor resigns from office.

Full Council is responsible for setting the budget and policy framework within which decisions are made. Executive decisions are made by the cabinet, which consists of the Leader and four Councillors, appointed by the Leader. When major decisions are to be discussed or made, these are published in the cabinet's Forward Plan in so far as they can be anticipated. If these decisions are to be discussed with council officers at a meeting of the cabinet, this will generally be open for the public to attend except where personal or confidential matters are being discussed.

EXPLANATORY FOREWORD

The purpose of this explanatory foreword is to provide electors, local taxpayers, members of the council and other interested parties with an easy to understand guide to the most significant matters reported in the accounts. It provides an explanation in overall terms of the council's financial position and assists in the interpretation of the accounting statements. These statements should inform readers of the cost of services provided by the council in the year 2014/15 and the council's assets and liabilities at the year end.

INTRODUCTION

The Accounts for the year ending 31st March 2015 have been prepared and published in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: 2014/15 Accounts (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This incorporates International Financial Reporting Standards (IFRS), so that the accounts are compliant with these standards.

The following statements are included:

Statement of Responsibilities for the Statement of Accounts	Sets out the respective responsibilities of the council and the Section 151 Officer for the accounts.
Statement of Accounting Policies	This explains the basis for recognition, measurement and disclosure of transactions and other events in the accounts. This includes changes in policy, the basis of charges to revenue and the calculation of items in the Balance Sheet.
Comprehensive Income and Expenditure Statement	This reports the net cost for the year of ***all*** the functions for which the council is responsible, and demonstrates how that cost has been financed from general government grants and income from local taxpayers.
Balance Sheet	This summarises the overall financial position of the council at 31st March 2015, showing its assets, liabilities and reserves.
Movement in Reserves Statement	This details the movement in the year of all the council's reserves analysed into usable reserves (i.e. those that can be used to fund expenditure or reduce local taxation) and unusable reserves.
Cash Flow Statement	This summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
Collection Fund	Reflects the statutory requirement to maintain a separate Collection Fund which shows the transactions in relation to non-domestic business rates and the council tax, indicating how the amounts collected are distributed to Gloucestershire County Council, Gloucestershire Police Authority and Forest of Dean District Council.
Annual Governance Statement	This sets out how the council is meeting its obligations and the improvements it intends to make to its systems of internal control and corporate governance arrangements.

These accounts are supported by notes to the accounts which include a glossary of terms to provide readers with further information.

COUNCIL SPENDING

Forest of Dean District Council is a local authority employing 335 people at 31st March 2015. The activities vary widely and include the provision for the collection of refuse and recycling, leisure and recreation, car parking, cemeteries and crematoria, environmental health and many other services.

GENERAL FUND REVENUE BUDGET

In February 2014, the council set a net budget of £10.506m for spending on General Fund Services, of which £3.833m was to be financed by government grant, £2.399m from non-domestic rates, and £4.274m from local council tax payers. The table below compares the financial outturn with the budget as detailed in the council's budget papers, drawing attention to the main characteristics of the council's financial position. This represents the council's management accounts that are included in the Comprehensive Income and Expenditure Statement on page 12, in accordance with the Code.

SERVICES	Original Budget 2014/15 £	Revised Budget 2014/15 £	Outturn 2014/15 £	Variance 2014/15 £
Customer Services	1,405,310	1,540,130	1,386,041	(154,089)
Environmental Services	1,077,820	1,217,650	1,179,900	(37,750)
Financial Services	2,080,020	2,067,330	2,043,934	(23,396)
Legal & Member Services	1,006,360	1,256,700	1,203,718	(52,982)
Planning & Housing Services	1,951,100	1,553,810	1,489,136	(64,674)
Strategic Services	3,425,580	2,966,430	2,939,664	(26,766)
TOTAL NET SERVICE EXPENDITURE	**10,946,190**	**10,602,050**	**10,242,393**	**(359,657)**
Capital charges	(719,720)	(181,880)	(181,880)	0
Interest and investment income	(133,800)	(42,950)	(46,592)	(3,642)
Use of balances and reserves	413,880	59,330	100,447	41,117
NET BUDGET	**10,506,550**	**10,436,550**	**10,114,368**	**322,182**
FINANCED BY:				
Revenue Support Grant	(2,646,240)	(2,646,240)	(2,643,149)	3,091
National Non-Domestic Rate	(2,399,410)	(1,727,775)	(1,423,744)	304,031
New Homes Bonus	(1,138,740)	(1,138,740)	(1,138,558)	182
Council Tax Freeze Grant	(48,390)	(48,390)	(49,446)	(1,056)
Section 31 NNDR Grant	0	(601,635)	(560,590)	41,045
Other Government Grants	0	0	(25,109)	(25,109)
Council Tax	(4,273,770)	(4,273,770)	(4,273,772)	(2)
	(10,506,550)	**(10,436,550)**	**(10,114,368)**	**322,182**

The council's track record of strong financial management was maintained during 2014/15 which resulted in council services being delivered within budget, with an overall residual saving made in 2014/15 of £26,564. The budget saving has been transferred to general balances and is included in the "use of balances and reserves" line in the Financial Outturn table.

The reconciliation of the management outturn position to the surplus or deficit on the provision of services, as reported in the Comprehensive Income and Expenditure Statement, is provided in note 21 to the accounts on page 48.

During 2014/15 the council continued with the process of formal monitoring of budgets which are reported to cabinet on a quarterly basis. This has assisted in strengthening the sound management of the council's finances and provides a mechanism to ensure that any budgetary problems are identified and rectified as soon as possible during the year.

The council is required to analyse the expenditure for the year 2014/15 in a standard way in order to enable comparisons to be made between different local authorities and other organisations. This representation of the above position is contained in the form of the Comprehensive Income and Expenditure Statement. The council has its own management arrangements and presents budgets and monitoring statements to cabinet and council which are grouped according to these local arrangements.

CHANGES IN CORE FUNDING ARRANGEMENTS

From 2013/14 the national council tax benefit scheme changed to a local council tax support scheme. Local council tax support is shown as a discount on council tax payers' accounts as opposed to a cash payment into the account. As a result, the cost of the local council tax support scheme is now reflected in the council tax base, i.e. the council receives a lower yield from council tax income than in previous years.

Accounting arrangements for the council tax benefit subsidy grant has also changed. In previous years a cash grant was payable to the "billing authority", i.e. this council to offset the cash payment on the tax payers account. Under the new arrangement, as the council tax base is reduced (which impacts on all precepting authorities), grant is now passed to individual precepting bodies (i.e. the County Council, Police and Crime Commissioner and to this council) through Revenue Support Grant (or equivalent).

From 2013/14, local government core funding from national government has changed from a cash grant allocation (Revenue Support Grant and Non-Domestic Rates Grant) to a combination of retained business rates (known as the Business Rates Retention Scheme) and Revenue Support Grant.

The Business Rates Retention Scheme was introduced on 1st April 2013. Under the Scheme, the Council retains some of the business rates raised locally. The business rates yield is divided - 50% locally and 50% to the Government. The Government's share is paid into a central pool and redirected to local government through other grants. Of the 50% local share, the district councils' share has been set at 80%, with the County Council's share being 20%. A tariff is applied to reduce the local share to a baseline funding level set by the Government. Where the value of retained business rates exceeds the baseline funding level, 50% of the surplus is paid over to the Government as a levy; the remaining 50% can be retained by the Council.

In order to maximise the value of business rates retained within Gloucestershire, the Council entered into the Gloucestershire Business Rates Pool in 2013/14. Being a part of the Pool has the benefit of reducing the levy from 50% to 19%. The aim of the pool is to maximise the business rate income retained within the County.

CAPITAL EXPENDITURE

In 2014/15 the council spent £1.846m on capital projects and grants, compared with the revised budget of £2.216m. Included in the expenditure for the year was £0.510m spent on investment in central services, £0.549m on private sector disabled facility grants and adaptation support grants, £0.355m on the refurbishment of joint use leisure facilities and £0.285m on Cinderford business plan. The major variance between the revised budget and outturn position was in respect of investment in technology, with delays in carbon reduction and flood relief schemes.

Like most local authorities, the council has been paying for its capital expenditure from the proceeds of the sale of its assets, and £0.651m of capital receipts were available to finance capital expenditure in 2014/15. The remaining sources of finance were Government Grants £0.314m, developer contributions and partnership funding £0.685m with £0.111m coming from revenue financing. The council plans to continue to fund capital from a range of sources including revenue reserves, developer contributions and capital receipts.

TREASURY MANAGEMENT

Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services and this council has adopted the Code and complies with its requirements, one of which is the receipt by Cabinet and Council of an Annual Review Report after the financial year end.

The council manages the cash-flow for the provision of all council services and it uses the money market to invest daily cash-flow surpluses and borrows to fund cash-flow deficits.

The challenging economic climate continues to have an impact on the council's finances. The historically low Bank of England base rate continues to dampen the level of interest earned by the council's cash investments. Interest rates have remained constant throughout the year at 0.5%, with no Bank of England interest rate changes during the period 1st April 2013 to 31st March 2014.

The conclusion of the year's activity was that the council earned net income of £46,592 on investments compared to the 2014/15 net budget of £42,950, a surplus of £3,642 for the year.

PENSION LIABILITY

The council is required to account for retirement benefits when committed, even if the payment is many years in the future, in accordance with International Accounting Standard 19 (IAS 19). This provides a reflection of the economic relationship between the council and the pension fund. It represents the council's pension commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit (via reduced future employer contributions) from a surplus in the pension scheme.

The council's net liability, according to the actuarial assessment at 31st March 2015, was £36,960,000 which was an increase of £5,051,000 over the figure for 31st March 2014 of £31,909,000. This is principally due to the fact that the financial assumptions as 31st March 2015 are less favourable than they were at 31st March 2014 as a result of falling real bond yields and poor asset returns. All else being equal, these factors serve to increase the value of the liabilities and thus have a negative impact on the IAS19 pension position.

ACCOUNTING POLICIES

The council has reviewed its accounting policies during the year and revised them in accordance with the 2014/15 Code of Practice in Local Authority Accounting. The policies are detailed in note 1 to the accounts (pages 16 to 33).

MAJOR CHANGES IN STATUTORY FUNCTIONS

Business Rates

2013/2014 saw a major reform in local government funding. The localisation of National Non-Domestic Rates (NNDR) resulted in a move to a variable funding stream as the replacement for a fixed, formula grant. This change brings an opportunity to benefit from economic growth in the district. Details of the arrangements under the business rates retention scheme are provided in the Changes in Core Funding note on page 6.

In the 2013 Autumn Statement, the government announced various proposals to help businesses in England with the cost of business rates. Particular support has been given to small businesses and the retail sector. The Non-Domestic Rating (Small Business Rate Relief) (England) (Amendment) Order 2013 (SI 2013/15) and the Non-Domestic Rating (Small Business Rate Relief) (Wales) (Amendment) Order 2013 (SI 2013/371) extended the temporary increase in the level of small business rate relief in England and Wales respectively until 31 March 2014. They provide 100% relief for eligible businesses occupying premises with a rateable value of not more than £6,000. There is a tapered relief from 100% to zero for properties with a rateable value between £6,001 and £12,000. This relief was also extended for a further year, to 31st March 2015.

There were no further changes in statutory functions relevant to the financial statements in 2014/15**.**

DEVELOPMENTS IN SERVICE DELIVERY

ICT Services Shared Service

A Shared Information, Communications and Technology (ICT) service was set up on 1st April 2013. This function is shared with Cheltenham Borough Council, using common ICT platforms, enabling service resilience within the councils. This has protected jobs locally, and staff previously employed by Cheltenham have now been transferred to be employed by the Forest of Dean District Council.

Gloucestershire Joint Waste Committee

A new Joint Waste Committee was formed on 1st April 2013 by Forest of Dean District Council, Cheltenham Borough Council, Gloucestershire County Council and Cotswold District Council. This Committee is supported by a joint waste team made up of staff who TUPE transferred into the team on 1st April 2013.

Tewkesbury Borough Council joined this committee from 1st April 2015.

2020 Vision

Further joint working savings are planned to be delivered by increasing the shared services between this council and its “GO Partners” (West Oxfordshire District Council, Cheltenham Borough Council and Cotswold District Council). In June 2014, the four councils approved a vision document “2020 Vision for Joint Working” which sets out the outline business case for extending joint working. Funding has been received from central government to support the transitional costs of this work, which is now progressing.

Ubico Ltd

Ubico Ltd. was formed in 2012 and is a company wholly owned by its shareholders, Cheltenham Borough Council and Cotswold District Council. The company is responsible for delivering the shareholders’ environmental services within their respective council boundaries. The Forest of Dean District Council, Tewkesbury Borough Council and West Oxfordshire District Council have joined the partnership on 1st April 2015, each receiving a £1 share in the company.

14 staff from the Forest of Dean council have been TUPE transferred into Ubico on 1st April 2015.

Social Housing Scheme developments

More than 140 affordable homes have been delivered this year (against a target of 60). This reflects continued effective engagement with communities and developers.
As a result of this - and the pro-active approach taken by the council - homelessness applications and acceptances have remained very low, at a time when they have been substantially increasing elsewhere in the country. This provides better outcomes for individual families as well as saving money for the council and partner agencies.

In February, King's Lodge housing development off Valley Road, in Cinderford was launched. This £12 million housing investment project is the result of partnership working between the Forest of Dean District Council, Two Rivers Housing and the Homes and Communities Agency (HCA), and developers Kier Partnership Homes. The development will provide a mix of 92 much needed affordable and private, high quality, sustainable new homes.

In Coleford, the Bank Street Extra Care Development with Rooftop housing association completed in March 2015. Dora Matthews House will offer a bespoke service to over 55's who are able to live an independent life but need some extra care and support.

Cinderford Northern Quarter Regeneration

The council has been driving forward the regeneration of Cinderford's Northern Quarter, where the plans include a proposed new Gloucestershire College Forest of Dean campus, a new spine road, other residential, leisure and commercial units.

It is anticipated that the Northern Quarter regeneration could unlock more than £100m in investment to redevelop this former coalfield site and bring other business opportunities and over a thousand jobs to the district.

A tremendous amount of work has been undertaken on biodiversity to ensure that the development protects and provides for the habitats for animals, in particular bats and amphibians. This has included producing a Biodiversity Strategy which will provide planning guidance for any development.

Community Support

The council continues to provide a high level of support to local voluntary and community sector groups and provided more than £179,000 through service level agreements and small grants over the last year, to support the local community.

The council also provided educational and practical help and support to a wide range of community groups and individuals. This ranged from anti-dog fouling campaigns and community clear-ups to health walks and raising dementia awareness.

RESERVES

The reserves and provisions are set out in the Balance Sheet on page 13 and detailed in notes 37 and 38, pages 62 to 66.

EVENTS AFTER THE BALANCE SHEET DATE

There are no known events after the balance sheet date.

FURTHER INFORMATION

Further information about the accounts is available from the GO Shared Service (Finance), Forest of Dean District Council, High Street, Coleford. This is part of the council's policy of providing full information about the council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The accounts are available for inspection by appointment between 7th July and 3rd August 2015 at the Council Offices and the appointed day whereby local government electors for the area may exercise their rights under Sections 15 and 16 of the Audit Commission Act 1998 to question the auditor about or make objections to the accounts for the year ended 31st March 2015 is designated as 4th August 2015.

Paul Jones
Chief Financial Officer

THE 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 secure that one of its officers has the responsibility for the administration of those affairs. In this council, that officer is the GO Shared Services Head of Finance, who also undertakes the role of the Section 151 Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

THE SECTION 151 OFFICER'S RESPONSIBILITIES*:*

The Section 151 Officer is responsible for the preparation of the council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the Code).

In preparing the Statement of Accounts, the Section 151 Officer has:

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

The Section 151 Officer has also:

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

CERTIFICATE OF SECTION 151 OFFICER

I certify that the Statement of Accounts on pages 12 to 15 gives a true and fair view of the financial position of the council at the accounting date and its income and expenditure for the year ended 31 March 2015.

PAUL JONES **DATE: 24th September 2015**
Chief Financial Officer

COMMITTEE APPROVAL OF THE STATEMENT OF ACCOUNTS

This statement of accounts was approved by the Audit Committee at its meeting on 24th September 2015.

BRIAN JONES
Audit Committee Chairman **DATE: 24th September 2015**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the cost in the year of providing services, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2013/14 Gross expenditure £000 Restated *	2013/14 Gross income £000 Restated *	2013/14 Net expenditure £000		2014/15 Gross expenditure £000	2014/15 Gross income £000	2014/15 Net expenditure £000
			Continuing Operations			
1,309	(574)	735	Central Services to the public	1,220	(689)	531
2,237	(1,227)	1,010	Cultural and related services	2,489	(1,146)	1,343
5,671	(1,601)	4,070	Environment & Regulatory services	5,657	(1,640)	4,017
2,786	(1,479)	1,307	Planning services	2,218	(1,147)	1,071
9	(13)	(4)	Highways and Transport services	10	(13)	(3)
24,967	(24,002)	965	Housing services	25,409	(24,472)	937
3,272	(1,512)	1,760	Corporate & Democratic core	2,756	(1,108)	1,648
-	(12)	(12)	Non Distributed Costs	746	-	746
40,251	**(30,420)**	**9,831**	**Cost of Services**	**40,505**	**(30,215)**	**10,290**
4,220	(1,134)	3,086	Other operating expenditure *(note 12)*	2,025	(903)	1,122
1,857	(198)	1,659	Financing and Investment income and expenditure *(note 13)*	1,471	(147)	1,324
2,375	(15,316)	(12,941)	Taxation and non-specific grant income and expenditure *(note 14)*	2,905	(15,659)	(12,754)
48,703	**(47,068)**	**1,635**	**(Surplus) or Deficit on the provision of services**	**46,906**	**(46,924)**	**(18)**
		(284)	(Surplus) / Deficit on revaluation of non-current assets (*note 38)*			(93)
		(179)	Remeasurement of the net defined benefit liability /(asset) *(note 40)*			4,691
		(463)	**Other Comprehensive Income and Expenditure**			**4,598**
		1,172	**Total Comprehensive Income and Expenditure**			**4,580**

*** See Note 44 - Prior Period Adjustment**

BALANCE SHEET

This statement shows the value as at the balance sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories. The first category of reserves are usable reserves i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).

The second category of reserves comprises those that the council is not able to use to provide services. This category includes reserves that held unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movements in Reserves Statement Line 'Adjustments between accounting basis and funding basis under the regulations.'

31 March 2013 £000 Restated *	31 March 2014 £000 Restated *		Note	31 March 2015 £000
11,527	9,192	Property, Plant & Equipment	22	9,773
3,715	3,379	Investment Property	25	3,129
309	344	Intangible Assets	27	343
2,007	-	Long Term Investments		-
38	29	Long Term Debtors	31	22
17,596	**12,944**	**Long Term Assets**		**13,267**
10,088	10,034	Short term Investments	29	16,052
211	203	Assets held for sale	28	-
50	66	Inventories	30	112
5,166	4,326	Short term Debtors	31	4,394
4,939	8,974	Cash and cash equivalents	32	5,488
20,454	**23,603**	**Current assets**		**26,046**
(444)	(913)	Bank overdraft	26	(888)
(264)	(285)	Short term borrowing	26	(306)
(1,898)	(3,148)	Short term creditors	33	(5,252)
(1,904)	(1,008)	Grants receipts in advance	33	(1,620)
(1,477)	(256)	Provisions	34	(145)
(5,987)	**(5,610)**	**Current Liabilities**		**(8,211)**
(1,367)	(1,082)	Long term borrowing	26	(776)
(164)	(79)	Grants receipts in advance - capital	20	(79)
(31,493)	(31,909)	Other long term liabilities	40	(36,960)
(33,024)	**(33,070)**	**Long term liabilities**		**(37,815)**
(961)	**(2,133)**	**Net Assets**		**(6,713)**
16,338	17,734	Usable Reserves	37	17,547
(17,299)	(19,867)	Unusable Reserves	38	(24,260)
(961)	**(2,133)**	**Total Reserves**		**(6,713)**

*** see Note 44 - Prior Period Adjustment**

I certify this Balance Sheet ……………………………………… Paul Jones, Section 151 Officer

Date ………………………………………

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year in the different reserves held by the council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or deficit on the Provision of Services line shows the true economic cost of providing the council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different to the statutory amount required to be charged to the General Fund Balance for council tax setting purposes. The net increase or decrease before transfers to earmarked reserves line shows the statutory general fund balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

The 2013/14 figures have been restated to show each usable reserve separately.

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	**Total Usable Reserves £'000**	Unusable Reserves £'000	**Total Reserves £'000**
Balance at 31 March 2013 Restated	**949**	**6,206**	**8,465**	**718**	**16,338**	**(17,299)**	**(961)**
<u>Movement in Reserves during 2013/14</u>							
Surplus or (deficit) on the provision of services	(1,635)				**(1,635)**		**(1,635)**
Other comprehensive income and expenditure					**-**	463	**463**
Total Comprehensive Income and Expenditure	(1,635)	-	-	-	(1,635)	463	(1,172)
Adjustments between accounting basis and funding basis under regulations (Note 6)	2,584		476	(29)	**3,031**	(3,031)	**-**
Net increase/(decrease) before transfers to reserves	949	-	476	(29)	1,396	(2,568)	(1,172)
Transfers to/from earmarked reserves (Note 37)	(1,066)	1,066			**-**		**-**
Increase / (decrease) in 2013/14	(117)	1,066	476	(29)	1,396	(2,568)	(1,172)
Balance at 31 March 2014 Restated	**832**	**7,272**	**8,941**	**689**	**17,734**	**(19,867)**	**(2,133)**
<u>Movement in Reserves during 2014/15</u>							
Surplus or (deficit) on the provision of services	18				**18**		**18**
Other comprehensive income and expenditure	8				8	(4,606)	**(4,598)**
Total Comprehensive Income and Expenditure	26				26	(4,606)	(4,580)
Adjustments between accounting basis and funding basis under regulations (Note 6)	(36)		72	(248)	**(212)**	212	**-**
Net increase/(decrease) before transfers to reserves	(10)	-	72	(248)	(186)	(4,394)	(4,580)
Transfers to/from earmarked reserves (Note 37)	29	(29)			**-**		**-**
Increase / (decrease) in 2014/15	19	(29)	72	(248)	(186)	(4,394)	(4,580)
Balance at 31 March 2015	**851**	**7,243**	**9,013**	**441**	**17,548**	**(24,261)**	**(6,713)**

CASH FLOW STATEMENT

The cash flow statement shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash flows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

2013/14 £000		2014/15 £000
1,635	Net (surplus) or deficit on the provision of services	(18)
(3,671)	Adjust net surplus or deficit on the provision of services for non-cash movements (note 41)	(3,694)
765	Adjust for items in the net surplus or deficit on the provision of services that are investing or financing activities	675
(1,271)	**Cash inflows generated from operating activities**	(3,037)
(2,562)	Investing activities (note 42)	6,214
265	Financing activities (note 43)	285
(3,568)	**Net (increase) / decrease in cash and cash equivalents**	**3,462**
4,494	Cash and cash equivalents at beginning of the year	8,062
8,062	Cash and cash equivalents at end of the year (note 32)	4,600
(3,568)	**Net (increase) / decrease in cash and cash equivalents**	**3,462**

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises the council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which those Regulations require to be prepared in accordance with proper accounting practice. These practices primarily comprise the Code of Practice on Local Government Accounting in the United Kingdom 2014/15 (The Code) and the Service Reporting Code of Practice 2014/15 (SeRCOP),supported by International Financial Reporting Standards (IFRS).

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

The accounting policies of the council as far as possible have been developed to ensure that the accounts of the council are understandable, relevant, free from material error or misstatement, reliable and comparable. A glossary of terms can be found on pages 77 -82.

1.2 ACCOUNTING CONCEPTS

Except where specified in the Code of Practice, or in specific legislative requirements, it is the council's responsibility to select and regularly review its accounting policies, as appropriate.

These accounts are prepared in accordance with a number of fundamental accounting principles:

- Relevance
- Reliability
- Comparability
- Materiality

Additionally three further concepts play a pervasive role in the selection and application of accounting policies:

Accruals of Income and Expenditure

The financial statements, other than the cash flow statement, are prepared on an accruals basis, i.e. transactions are reflected in the accounts in the year in which they take place, not simply 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.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest payable on borrowings and 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.

- All income and expenditure is credited and debited to the Comprehensive Income and Expenditure Statement, unless it comprises capital receipts or capital expenditure.

Going Concern

The accounts are prepared on the assumption that the council will continue its operations for the foreseeable future. This means in particular that the Comprehensive Income and Expenditure Statement and Balance Sheet assume no intention to significantly curtail the scale of operations.

Primacy of legislative requirements

The council derives its powers from statute and its financial and accounting framework is closely controlled by primary and secondary legislation. Where legislative requirements and accounting principles conflict, legislative requirements take precedence.

1.3 PROVISIONS

Provisions are made where an event has taken place that gives the council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing or amount of the transfer is uncertain. For instance, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when 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 carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes more likely than not that a transfer of economic benefits will not be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service line in the Comprehensive Income and Expenditure Statement.

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.

Statutory arrangements allow any settlements for back pay arising from discriminatory payments, incurred before the council implemented its equal pay strategy, to be financed from the General Fund in the year that payments actually take place. No provision is included in the accounts as all back claims were settled in the year.

1.4 RESERVES

The council sets aside specific amounts as earmarked usable reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in 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 form part of the Surplus or Deficit in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. The purpose of each of these earmarked reserves is explained in Note 37 to the financial statements on page 62.

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

1.5 GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the council when there is reasonable assurance that the council will comply with the conditions attached to the payments, and the grants or contributions will be received.

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been, or it is reasonably certain that they shortly will be, satisfied. Conditions are stipulated that specify that the grants or contributions are required to be consumed by the recipient as specified, or they must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors or Capital Grants Received in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

1.6 EMPLOYEE BENEFITS

Benefits Payable during Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the council is committed to the termination of the employment of an officer or group of officers.

Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement on Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

Employees of the council are members of the Local Government Pension Scheme, administered by Gloucestershire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council, and is accounted for as a defined benefits scheme:

- The liabilities of the Gloucestershire 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 projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate, based on the indicative rate of return on the adoption of the AA-rated corporate bond basis.

- The assets of the Gloucestershire pension fund attributable to the council are included in the balance sheet at their fair value:
  - quoted securities – current bid value
  - unquoted securities – professional estimate of fair value
  - unitised securities – current bid price
  - property – market value.

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

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

- Past service cost: the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

- Interest cost on defined obligation: the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to the Financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

- Return on plan assets: the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Gains/losses on settlements: the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

- Measurement of the net defined benefit liability: changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.

- Contributions paid to the Gloucestershire pension fund: cash paid as employer's contributions to the pension fund, in settlement of liabilities.

Statutory provisions limit the council to raising council tax to cover the amounts 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 Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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.

Further information on pension costs and the accounting arrangements can be found in Note 40 to the financial statements on pages 66 to 71.

Discretionary Benefits

The council 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.

1.7 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

1.8 OVERHEADS AND SUPPORT SERVICES

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

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

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

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

Charges are based on a variety of methods including allocations according to officers' use of time resources, charge per unit of service and administrative building costs according to area occupied.

1.9 INTANGIBLE 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 relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

Internally generated assets are capitalised where it can be demonstrated that the project is technically feasible and is intended to be completed (with adequate resources being available) and the council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase.

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.10 PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis are classified as Property, Plant and Equipment. Such assets are subcategorised into Operational Land and Buildings, Community Assets, Vehicles Plant and Equipment, Infrastructure Assets, Assets Under Construction, Heritage Assets and Non-Operational Assets.

- Operational Land and/or Buildings assets, in line with IAS 16, are recorded, valued and accounted for based on their significant components.
- Community Assets are assets that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect for sale or change of use. If the asset is used for a specific operational purpose, it does not qualify as a community asset and should be valued accordingly.
- Infrastructure Assets include all tangible (physical) assets constructed for land drainage, and cemetery roadways. There is no prospect for sale of infrastructure assets; expenditure is only recoverable through continued use of the asset.
- Vehicles, Plant and Equipment Assets and Assets Under Construction are also classified as Property Plant and Equipment where they do not meet the criteria for Investment Property Assets or Assets Held for Sale.

- Heritage Assets are assets held by the council principally for their contribution to knowledge or culture. The council does not have any heritage assets.
- Surplus Assets are assets which the council no longer operates from; however, they do not meet the definition of held for sale. All surplus assets are treated in the same way as operational assets of the same type (valuation, depreciation, recognition, etc.).

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 for more than one financial year and the cost of the item can be measured reliably. This excludes expenditure on routine repairs and maintenance, which is charged direct to service revenue accounts when it is incurred.

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 incurred whilst assets are under construction.

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

- Infrastructure, community assets and assets under construction - depreciated historical cost.
- All other assets – fair value, based on the amount that would be paid for the asset in its existing use (EUV).

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

In the case of non-property assets that have short useful lives or low values (or both) e.g. vehicles, plant and equipment, depreciated historical cost is used as a proxy for fair value.

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

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

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

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

Disposals and Asset Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The council will classify assets as held for sale where:

- The asset is in the condition required for sale and is vacant.
- The assets sale is highly probable.
- The asset has been advertised for sale and a buyer sought.

The completion of the sale is expected within 12 months. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale, except in the year in which they were classified for sale.

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

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

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserve Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets 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. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the life of the property as estimated by the valuer; generally 10 to 45 years

- Surplus assets – straight line allocation, generally between 10 to 40 years

- Vehicles, plant and equipment – straight-line allocation over 2 to 10 years, depending on the enhanced life of the asset.

- Infrastructure – straight-line allocation over 40 years.

- Intangible Assets – between 3 to 5 years

- Land – not depreciated

- Investment Property Assets – not depreciated

- Assets held for sale – not depreciated

- Community Assets – not depreciated

Newly acquired assets are depreciated from the year following that in which they were acquired, although assets in the course of construction are not depreciated until they are brought into use.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets with 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.

Assets disposed of during the year are depreciated in the year of disposal or in the case of Assets Held for Sale, in the year they were classified for sale.

Componentisation of Property Plant and Equipment

IAS 16 requires that where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total asset portfolio with different estimated useful lives, these are depreciated separately. An asset is deemed significant if its building element gross book value exceeds the de minimis level as per the council's componentisation policy. Where components have similar estimated useful lives, they can be aggregated

The following policy applies to the various different categories:

Investment properties	These are held at fair value, and are not depreciated, therefore not required to split the asset into components.
Assets held for sale	These are held at fair value, and are not depreciated, therefore there is no need to split the asset into components.
Car parks	There are deemed to be only two components in a car park, land and buildings.
Public conveniences	There are deemed to be only two components in a public convenience, land and buildings.
Other land and buildings/ surplus properties	*New Build* Land is a separate component. Each Item of expenditure with a value greater than £50,000 or 20% of the cost, whichever is higher will be treated as a separate component. All other items below this de-minimis level will be aggregated into a single component. *Additions to Existing assets* Land is a separate component. Each item of expenditure with a value greater than £50,000 will be treated as a separate component. All other items below this de-minimis level will be aggregated into a single component. *Revaluation* Land is a separate component. Assets held as at 31 March 2010 will be broken into components where the current net book value of a component is deemed to be in excess of £250,000 or 20% of the cost, whichever is higher.

Other assets	Each item of expenditure with a value greater than £50,000 will be treated as a separate component. All other items below this de-minimis level will be aggregated into a single component.

1.11 NON-CURRENT ASSET VALUATION METHODOLOGY

Assets included in the Balance Sheet at fair value are re-valued where there have been material changes in the value, and as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where there is an upward revaluation, the carrying value is increased and the associated credit charged directly to the revaluation reserve. This is then reflected in the Comprehensive Income and Expenditure Statement as a revaluation gain.

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

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

Exceptionally, gains would be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Valuations are completed as follows:

Intangible Assets - the council recognises Intangible Assets at cost. The council will revalue intangible assets annually where there is determinable market value for the asset.

Property Plant and Equipment (PPE) - Property Assets are held at fair value which is the amount that would be paid for the asset in its existing use. This requirement is met by providing a valuation on the basis of existing use value (EUV) in accordance with UKPS 1.3 of the RICS Valuation Standards. As a matter of last resort, where no other valuation method can be used, depreciated replacement cost is used. Vehicles and Assets under construction within PPE are held at historic cost (not re-valued).

Infrastructure Assets - the council recognises Infrastructure Assets at historic cost (not re-valued).

Investment Property Assets - Investment Properties are annually re-valued at fair value which is to be interpreted as the amount that would be paid for the asset in its highest and best use, i.e. market value. This includes investment property under construction. The fair value of investment property held under a lease is the lease interest.

Community Assets - the council recognises Community Assets at historic cost (not re-valued).

Assets Held for Sale - Assets held for sale are held at the value of expected proceeds less the costs of achieving the sale.

1.12 RECOGNITION OF CAPITAL EXPENDITURE (DE MINIMIS POLICY)

In accordance with International Accounting Standard 16 (IAS 16), the council recognises non-current assets when all of the following tests are met:

- Assets held for use in the production or supply of goods or services, rental to others, or for administrative purposes.
- Assets expected to be used for more than one financial period.
- Assets where it is expected that future economic benefit will flow to the council.
- Assets where the cost can be measured reliably.

The initial cost of an asset is recognised to be:

- Purchase price, construction cost, minimum lease payments or equivalent including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner required by management.
- Initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located, the obligation for which the council incurred either when the asset was acquired or as a consequence of having used the asset during a particular period for purposes other than producing inventories during that period.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cashflows of the council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non Specific Grant Income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in a Donated Assets Reserve account. Where gains are credited to the CIES they are reversed out of the General Fund Balance to the Capital Adjustment Account in the MIRS.

Subsequent enhancement expenditure is treated as capital when:

- The expenditure will substantially increase the market value of the asset.
- The expenditure will substantially increase the extent to which the council can use the asset for the purpose, or in conjunction with the functions of the council.

The council has two levels of de-minimis for recognition of capital expenditure:

- Vehicles over £5,000 (excl. VAT) are treated as capital expenditure.
- For all other assets, expenditure below £10,000 (excl. VAT) is not treated as capital except where the sum of the assets is significant, such as waste collection bins and caddies.

Capital assets are held on the balance sheet as non-current assets, unless otherwise stated.

1.13 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

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

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible assets attributable to the service.

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

1.14 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

This represents expenditure incurred during the year that may be capitalised under statutory provisions or that is capital in nature but does not result in the creation of fixed assets that 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 then reverses out the amounts charged in the MIRS so there is no impact on the level of council tax.

1.15 LEASES

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

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

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

Defining a finance lease

A finance lease is where substantially all of the risks and rewards incidental to ownership of an asset transfer to the lessee:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase).
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised.
- If the lease term is for the major part of the economic life of the asset even if title is not transferred. The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy. The council recognises the major part to be 75% of the life of the asset, unless on an individual case basis this would not give a true

representation of the substance of the transaction.

- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease. If this rate cannot be determined the incremental borrowing rate applicable for that year is used. The council recognises “substantially all” to mean 90% of the value of the asset. In some circumstances, a level of 75% can be used if the council believes that using this level will give a result that better reflects the underlying transaction.

- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.

- If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.

- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).

- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

Lessee Accounting for a finance lease

Where the council is tenant in a property, or is, by definition of IFRIC 4, leasing an asset that is deemed under IAS 17 to be a finance lease, the council will recognise that asset within the asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the asset, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made. Lease payments made to the lessor, are split between the repayment of borrowings, and interest, which is charged to the CIES.

Lessor Accounting for a finance lease

Where the council is the lessor for a finance lease, the asset is not recognised in the asset register; however a long term debtor at the present value of minimum lease payments is recognised. Income received is split between capital, which is credited against the debtor, and interest income credited to the CIES as interest receivable.

Lessor Accounting for an operating lease

Where the council is the lessor for an operating lease, normally the asset is classified as an investment property. Any rental income is credited to the relevant service income line in the CIES.

Lessee Accounting for operating leases

Costs associated with operating leased assets where the council is the lessee are charged immediately to the relevant revenue service expenditure within the Net Cost of Services on an accruals basis.

1.16 FINANCIAL INSTRUMENTS

Financial Liabilities

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

The council has no borrowings.

Financial Assets

Financial Assets are classified into two types:

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

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

Available-for-sale financial assets

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

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

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis;
- Equity shares with no quoted market prices – independent appraisal of company valuations or amortised cost.

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

Expenditure Statement, along with any accumulated gains/losses previously recognised in the Available-for-Sale Reserve.

The council has no ‘Available-for-Sale’ financial assets.

1.17 INVENTORIES AND WORK IN PROGRESS

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is valued at cost.

1.18 ESTIMATION TECHNIQUES

Estimation techniques are the methods adopted to assess the values of assets, liabilities, gains and losses and changes in reserves in situations where there is uncertainty as to their precise value. Unless specified in the Code or in legislative requirements, the method of estimation will generally be the one that most closely reflects the economic reality of the transaction.

1.19 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

1.20 EXCEPTIONAL ITEMS

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the council’s financial performance.

1.21 CONTINGENT LIABILITIES

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

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

1.22 CONTINGENT ASSETS

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

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

1.23 PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

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

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

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

1.24 EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

1.25 INVESTMENT PROPERTY

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

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

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

1.26 JOINTLY CONTROLLED OPERATIONS AND JOINTLY CONTROLLED ASSETS

Jointly controlled operations are activities undertaken by the council in conjunction with other venturers that involve the use of assets and resources of the venturers rather than the establishment of a separate entity. The council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant and equipment that are jointly controlled by the council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

Such operations and assets, not being separate entities, are accounted for in the council only accounts and are not separate entities for Group account purposes.

1.27 COUNCIL TAX RECOGNITION

Council Tax receivable for each financial year is recognised in the Collection Fund, a separate statutory account maintained by billing authorities. The Fund is charged with the council tax requirements (‘precepts and demands’) set by the major preceptors and billing authority before the start of the year, leaving (after providing for uncollectable debts) a surplus or deficit, which is then distributed to the same authorities in future years in proportion to their precepts or demands.

The council tax income included in the council’s Comprehensive Income & Expenditure Statement for the year therefore represents its demand for the year, plus its share of the collection fund surplus or deficit for the year, before any distribution. Because the amount of surplus or deficit that can be credited or charged to the council’s general fund is governed by statute, and is limited to that declared at the start of the year, adjustments are made in the Movement in Reserves Statement to the collection fund adjustment account to reflect the difference between the surplus or deficit due for the year and that which can be released according to statute.

There is no statutory requirement for a separate collection fund balance sheet. Instead the fund balances (arrears, over/pre-payments, bad debts provision and accumulated surpluses or deficits) are distributed across the balance sheets of the billing authority and the major preceptors, in proportion to their precepts and demands. The council, as a billing authority, therefore accounts for council tax balances on an Agency basis, showing only its share of the fund balances on its balance sheet.

1.28 NATIONAL DOMESTIC RATES INCOME RECOGNITION

NDR income is recognised in the same way as council tax described in note 1.27, with the exception that the net income and surplus/deficit credited or charged to the Comprehensive Income & Expenditure Statement is shared between the billing authority, the county council and central government in statutory proportions. NDR balances are also distributed across their balance sheets in the same proportions.

1.29 PROVISIONS FOR BAD AND DOUBTFUL DEBTS

In order to suitably reflect the varied nature of debtors within the council, the basis for providing for bad debts is specific to the circumstances in each individual department. The general policy followed is:

- No public sector debt is provided for (other Local Authorities, NHS or Central Government).
- Aged debt is reviewed and a reasonable percentage provided for.

Significant individual invoices are reviewed and wholly provided for where it is thought to be necessary.

1.30 DISCONTINUED OPERATIONS

Any discontinued operations are shown separately on the face of the Comprehensive Income & Expenditure Statement. There are no discontinued operations in 2014/15.

1.31 FOREIGN CURRENCY TRANSLATION

Where the council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year end, they are reconverted at the spot exchange rate for 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Account.

1.32 LONG TERM LOANS

Long term loans granted to a body are treated as capital expenditure and included in the balance sheet as Long Term debtors.

1.33 CHANGES IN ACCOUNTING POLICIES

There are no changes to accounting policies in 2014/15.

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

The Council is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Council. As required by the Code, full adoption of the standard will be required for the 2015/16 financial statements. However, the Council is required to make disclosure of the estimated effect of the new standard in these (2014/15) financial statements.

Accounting standards that have seen amendments are: IFRS13 *Fair Vale Measurement*, IFRS21 *Levies* and the *Annual Improvements to IFRSs (2011 to 2013 cycle)* – primarily; IFRS1 *Meaning of effective IFRSs,* IFRS3 *Scope of exceptions for joint ventures* and IAS40 *Clarifying the interrelationship of IFRS 3 Business Combinations and IAS40 Investment Property when classifying property as investment property or owner-occupied property*.

It is not anticipated that these changes to accounting standards (when adopted) will have a material impact upon the financial statements or balances of the Council.

3. CRITICAL JUDGEMENTS USED IN ACCOUNTING POLICIES

In applying the accounting policies set out on pages 16 to 33, the council has had to make certain judgments about balances and transactions which may be uncertain depending on future events.

The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1st April 2013. From this date district councils such as Cheltenham assume a share of the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. A successful appeal may mean the council having to refund rates paid in previous years. The council has therefore set aside a provision to cover its share of the repayments it estimates will be made and made a judgement as to the timescale over which they are likely to be repaid.

The provision is based on the expected success rate of appeals lodged at 31 March 2015, so no allowance has been made for any successful appeals against previous years' rate liabilities that may be received after this date.

The classification of non-current and Property, Plant and Equipment assets has been assessed and judgements made as to those held for investment purposes. As a result, there are no changes made to the classification compared to previous years.

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

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of assets falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £10,000 for every year that useful lives had to be reduced.
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, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the council with expert advice about the assumptions to	The effects on the net pensions' liability of changes in individual assumptions can be measured. For example, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of approximately 9%, and a one year increase in member life expectancy would

Item	Uncertainties	Effect if actual results differ from assumptions
	be applied.	increase the pension liability by approximately 3%. A sensitivity analysis is included in Note 44 - Pensions.

There are no known items in the balance sheet at 31st March 2015 for which there is a *significant* risk of material adjustment in the forthcoming financial year.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE NOT DISCLOSED ON THE FACE OF THE STATEMENTS

There are no known material items not disclosed on the face of the statements.

6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that have been made to the total comprehensive income and expenditure so that it equals the resources generated in the year which are available, under statutory provisions, to the council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2013/14					2014/15			
General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Unusable Reserves		General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Unusable Reserves
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				Adjustments to / from the Capital Adjustment Account				
				Reversal of items debited or credited to the				
				Comprehensive Income and Expenditure Statement				
(634)			634	Charges for depreciation and impairment of non-current assets	(663)			663
(92)			92	Revaluation losses on Property, Plant and Equipment	(8)			8
(337)			337	Movements in the fair value of Investment Properties	(21)			21
(87)			87	Amortisation of Intangible Assets	(118)			118
595			(595)	Capital grants and contributions applied	751			(751)
				Income in relation to Donated Assets	85			(85)
				Revenue Expenditure Funded from Capital				-
(679)			679	Under Statute (net of grants)	(954)			954
				Amounts of non-current assets written off				-
(2,083)			2,083	on sale as part of the gain/loss on disposal	50			(50)
				Insertion of items not debited or credited to				-
				Comprehensive Income and Expenditure Statement				-
264			(264)	Statutory provision for the financing of capital investment	284			(284)
				Capital expenditure charged against the				-
123			(123)	General Fund and HRA balances	110			(110)
								-
				Adjustments to / from Capital Grants Unapplied				
		(15)	15	Capital grants credited to the Comprehensive I&E Statement			(44)	44
		44	(44)	Application of grants/contributions to fund capital expenditure			292	(292)
				Adjustments to / from Deferred Capital Receipts				-
				Transfer of sale proceeds credited as part of the				-
	(9)		9	gain/loss on sale of non-current assets		(8)		8
								-
				Adjustments to / from the Capital Receipts Reserve				-
				Transfer of sale proceeds credited as part gain/loss				-
709	(766)		57	on the sale of non-current assets	596	(681)		85
	294		(294)	Use of capital receipts to finance capital expenditure		659		(659)
			-	Contribution towards the administrative costs of disposals				-
				Contribution from capital receipts to finance				-
(5)	5		-	payments to capital receipts pool	(5)	5		-
			-	Transfer from Deferred Capital Receipts upon receipt of cash				-
			-	Capital Grants and loans repaid	46	(46)		-
(2,226)	(476)	29	2,673	**Carried forward**	153	(71)	248	(330)

2013/14					2014/15			
General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000		General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
(2,226)	(476)	29	2,673	**Brought forward**	153	(71)	248	(330)
				Adjustments to / from the Pensions Reserve				
(2,349)			2,349	Reversal of items relating to retirement benefits debited to the Comprehensive Income and Expenditure Statement	(2,443)			2,443
1,785			(1,785)	Employers' pension contributions and payments direct to pensioners in the year	2,052			(2,052)
				Adjustments to / from the Collection Fund Adjustment Account				
200			(200)	Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from that calculated according to statute	266			(266)
				Adjustments to / from the Accumulating Compensated Absences Adjustment Account				
6			(6)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement is different from that chargeable according to statute	(2)			2
(2,584)	**(476)**	**29**	**3,031**	**Total Adjustments**	**26**	**(71)**	**248**	**(203)**

7. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Section 151 Officer on 30 June 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

8. EXCEPTIONAL ITEMS

Exceptional items are ones not expected to occur frequently. They can for example include items such as large-scale redundancies, emergency expenditure and costs of industrial action.

There are no exceptional items to report in 2014/15.

9. CHANGES IN OPERATIONS AND DISCONTINUED OPERATIONS

Acquired operations are ones that have transferred to the council during the year, such as new geographical areas due to the reorganisation of local government or significant services acquired from another public entity as a consequence of legislation. Discontinued operations are ones that the council has transferred during the year to another public entity.

There were no such acquisitions or disposals during 2014/15

10. TRADING ACCOUNTS

The council is involved in a number of trading activities; the (surplus)/deficit of which is included in the Comprehensive Income and Expenditure Statement. An analysis of the trading activity is as follows:

	Forest Vale Industrial Estate	Car Parks
2013/14	£000	£000
Income	(168)	(170)
Expenditure	92	164
Revaluations	-	(8)
Net (surplus) / Deficit	**(76)**	**(14)**

	Forest Vale Industrial Estate	Car Parks
2014/15	£000	£000
Income	(166)	(142)
Expenditure	91	173
Revaluations	-	2
Net (surplus) / Deficit	**(75)**	**33**

The council lets a number of industrial units at Forest Vale Industrial Estate. Market rents are normally charged for these units. These are included within the “Other Operating Expenditure” within the Comprehensive Income and Expenditure Statement.

The council own a number of car parks within the district where a charge for parking is made. Car Parking trading operations are included within the “Other Operating Expenditure” within the Comprehensive Income and Expenditure Statement.

11. AGENCY INCOME AND EXPENDITURE

Under various statutory powers, a council may agree with other local authorities, water companies and government departments, to do work on their behalf. Expenditure and income related to these activities must be disclosed.

The council did not undertake any significant agency work in 2014/15.

12. OTHER OPERATING INCOME AND EXPENDITURE

The income from VAT Shelter is due to the council following the transfer of its housing stock to the housing association in 2003. The grant repayments are monies repaid to the council under the terms of the grants issued.

	2014/15 £000	2013/14 £000
Parish council precepts	1,823	1,763
Levies	27	27
Payments to the Government Housing Capital Receipts Pool	5	5
(Gain)/Loss on Disposal of non-current assets	(96)	2,083
VAT Shelter and right to buy income	(596)	(709)
(Surplus)/Deficit on trading operations	(41)	(90)
Revaluation loss on assets held for sale	-	7
Net Other Operating Expenditure	**1,122**	**3,086**

13. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2014/15 £000	2013/14 £000
Interest payable and similar charges	100	121
Net interest on the net defined benefit liability (asset)	1,350	1,399
Interest and investment income	(147)	(198)
Income and expenditure on investment properties and charges in their fair value	21	337
Net Financing and Investment Expenditure	**1,324**	**1,659**

14. TAXATION AND NON SPECIFIC GRANT INCOME AND EXPENDITURE

	2014/15 £000	Restated 2013/14 £000
Council Tax income	(6,049)	(6,026)
Non-Domestic Rates income and expenditure	(1,766)	(2,155)
General government grants	(4,417)	(4,760)
Capital grants and contributions	(437)	-
Net gains from donated assets	(85)	-
Net Taxation and Non Specific Grant Income	**(12,754)**	**(12,941)**

15. MEMBERS' ALLOWANCES

In 2014/15 the council paid £290,355 (2013/14 £291,524) in allowances to its 48 members. The Expenditure reflects members' allowances approved by council for 2014/15. Full details of the Members' Allowances scheme for 2014/15 can be found on the council's website

16. OFFICERS' REMUNERATION

Senior officer remuneration

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

Post Title	Salary inc Fees and Allowances £	Expense Allowances £	Compensation for loss of office £	Benefits-in-kind £	Total Remuneration excl pension contributions £	Pension contributions £	Total Remuneration incl pension contributions £
	2014/15						
Head of Paid Service	84,640	25	-	-	84,665	12,104	96,769
Strategic Director	82,640	329	-	-	82,969	11,818	94,787
Group Manager Finance, Land & Property (S151 Officer)	7,658	63	58,688	-	66,409	675	67,084
Group Manager Customer Services	60,984	284	-	-	61,268	8,762	70,030
Group Manager Planning & Housing	57,491	593	-	-	58,084	8,221	66,305
Group Manager Environmental Services	55,643	1,136	-	-	56,779	7,927	64,706
	349,056	**2,430**	**58,688**	**-**	**410,174**	**49,507**	**459,681**
	2013/14 Restated						
Head of Paid Service	84,229	-	-	-	84,229	12,045	96,274
Strategic Director	82,229	274	-	-	82,503	11,759	94,262
Group Manager Finance, Land & Property (S151 Officer)	56,844	434	-	-	57,278	8,122	65,400
Group Manager Customer Services	55,216	196	-	-	55,412	7,835	63,247
Group Manager Planning & Housing	55,373	683	-	-	56,056	7,918	63,974
Group Manager Environmental Services	53,968	54	-	-	54,022	8,174	62,196
Monitoring Officer	21,745	265	-	-	22,010	3,093	25,103
	409,604	**1,906**	**-**	**-**	**411,510**	**58,946**	**470,456**

Notes:

a) For the purposes of this disclosure, senior employee means Head of Paid Service, his/her direct reports and statutory chief officers whose salary is between £50,000 and £150,000.

b) The council does not operate a Performance Pay System and does not pay bonuses to any member of staff.

c) The Group Manager Finance post was deleted from the establishment in April 2014. This position included the statutory role of Section 151 Officer for the council, which is now carried out by the Chief Finance Officer, Paul Jones, under a secondment arrangement with Cotswold District Council. Forest of Dean District Council have agreed that the S151 function be delegated to GO Shared services for an additional payment of £30,000 per annum.

The council did not have any other employees receiving more than £50,000 remuneration for the year (excluding employer's contributions).

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

Exit package cost band (inc special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	2014/15	**2013/14**	**2014/15**	**2013/14**	**2014/15**	**2013/14**	**2014/15**	**2013/14**
£0-£20,000	-	-	4	2	4	2	42,632	11,249
£20,001-£40,000	-	-	1	1	1	1	23,083	37,912
£40,001-£60,000	-	-	-	1	-	1	-	40,899
£60,001-£80,000	-	-	-	1	-	1	-	70,212
£80,001-£100,000	-	-	-	-	-	-	-	-
£100,001-£150,000	-	-	-	-	-	-	-	-
£150,001-£200,000	-	-	1	-	1	-	176,440	-
Total	**-**	**-**	**6**	**5**	**6**	**5**	**242,155**	**160,272**
Amounts provided for in CIES not included in bandings	**-**	**-**	1	2	1	2	32,989	128,940
Total	**-**	**-**	**7**	**7**	**7**	**7**	**275,144**	**289,212**

The council's Comprehensive Income and Expenditure Statement includes a provision for £32,989 in 2014/15 which is payable to 1 officer in 2015/16. These costs are not included in the bands for 2014/15 and therefore an additional line has been added to reconcile to the total cost of termination benefits reported in the Comprehensive Income and Expenditure Statement for 2014/15.

17. TERMINATION BENEFITS

The council terminated the contracts of 7 employees in 2014/15 (7 in 2013/14). Total costs incurred were £275,145 (£289,212 in 2013/14), of which £151,919 (£107,960 in 2013/14) related to early retirement costs and £123,226 (£181,252 in 2013/14) related to redundancy payments – see Note 16 for the total cost per band. These costs have been charged to the relevant service line shown within the Comprehensive Income and Expenditure Statement.

18. RELATED PARTY TRANSACTIONS

The council is required to disclose material transactions with related parties; bodies or individuals with the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

Central Government

Central Government has significant influence over the general operations of the council; it is responsible for providing the statutory framework within which the council operates, providing the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g council tax bills, housing benefits). Grants received from government departments are shown in note 20.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in note 15. During 2014/15, works and services to the value of £267,292 were commissioned from organisations in which sixteen members had an interest, grants totalling £175,730 were paid to voluntary organisations in which sixteen members had an interest. In all instances, contracts were awarded in accordance with the council's standing orders and grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of these transactions are recorded in the Register of Members' Interests, open to public inspection at the council offices during office hours.

Officers

During 2014/15 works and services to the value of £842,465 were commissioned from organisations in which eight officers declared an interest, and grants totalling £48,182 were paid to organisations in which four officers declared an interest. In all instances, contracts were awarded in accordance with the council's standing orders and officers did not take part in any discussions, decisions or administration relating to the grants.

Other public bodies (subject to common control by central government)

The council collects precepts on behalf of Gloucestershire County Council, Gloucestershire Police Council and the Town and Parish Councils within the district's area. Precepts for the County and Police Authority are shown in the Collection Fund at note 4.

5 members of the district council are also members of Gloucestershire County Council. 24 members of the district council are also members of town or parish councils. Parish Precepts are shown in the Comprehensive Income and Expenditure Statement.

Council employees are eligible to be members of the Local Government Pension Scheme, administered by Gloucestershire County Council. The total employer's contributions into the superannuation fund by the council were £2,083,000 in 2014/15 (£1,785,000 in 2013/14).

South West Audit Partnership (SWAP)

Forest of Dean District Council is a Member of SWAP which is a company limited by guarantee and is wholly owned and controlled, as an in-house company, by the members and is a local authority controlled company for the purposes of Part V of the Local Government and Housing Act 1989.
The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the Company in the event of it being wound up while he is a member or within one year after he ceases to be a member.

19. EXTERNAL AUDIT COSTS

The total audit fees payable to the council's external auditor in 2014/15 were £75,040 (£72,670 in 2013/14), made up as follows:

	2014/15 £000	Restated 2013/14 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor	62	62
Fees payable to Grant Thornton for work on material business rates balances	1	1
Fees payable to Grant Thornton for the certification of grant claims and returns	12	10
	75	**73**

20. GRANT INCOME

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2014/15 £000	2013/14 £000
Credited to Taxation and Non Specific Grant Income:		
Revenue Support Grant	2,643	3,404
New Homes Bonus	1,139	829
Council Tax Freeze Grant	49	48
Community Right to Challenge	9	9
Community Right to Bid	8	8
Efficiency Support for Services in Sparse Areas	-	8
Transitional Grant – Council Tax Support	-	21
Capital Provision Redistribution Grant	-	18
Transparency	6	3
Business Rates Relief Grants	561	413
Rural Services Support Grant	3	-
	4,418	4,761
Credited to Services:		
Housing Benefit Grant	23,211	22,802
DCLG Council Tax Grants	15	-
NNDR Administration	120	120
Discretionary Housing Payments	79	62
DWP Additional Grant	38	36
Council Tax Administration Subsidy	99	-
Flooding Business Support Scheme	63	-
Disabled Facilities Grant	314	304
Inspire Project	7	-
Flooding Repair & Renew Grant	68	-
Council Tax Support New Burdens Funding	71	50
Decentralisation and Neighbourhood Planning Grant	5	10
Air Quality Grant	-	44
Elections Grant	6	7
Total	**28,514**	**28,196**

The council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year end are as follows:

	2014/15 £000	2013/14 £000
Grants Receipts in Advance (Capital Grants)		
Government grant: Council tax leaflets	5	5
Contribution: Gloucestershire Wildlife Trust Biodiversity	1	1
Contribution: S106 Drybrook Housing	73	73
	79	**79**

21. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS (SEGMENTAL REPORTING)

The analysis of income and expenditure by service on the face of the Comprehensive Income & Expenditure Statement is that specified by the Service Reporting Code of Practice (SeRCOP) 2014/15. However, decisions about resource allocation are taken by the council's Cabinet on the basis of budget reports across services headed by Group Managers. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- Charges for revaluation and impairment of assets are excluded.
- The cost of retirement benefits is based on the employer pensions contributions paid rather than current service cost of benefits accrued in the year.
- Revenue expenditure funded from capital under statute is excluded.
- Expenditure on some support services is budgeted for centrally and not charged to services.

The income and expenditure of Groups recorded in the budget reports for the year, together with a reconciliation to the figures shown in the Comprehensive Income & Expenditure Statement is shown below.

Segmental Analysis 2014/15	Employee costs £'000	Other service expenses £'000	Support service costs £'000	Total expenditure £'000	Fees & other income £'000	Government grants £'000	Total income £'000	Net expenditure £'000
Customer Services	2,255	25,813	(270)	27,798	(1,416)	(24,995)	(26,411)	1,387
Environmental Services	943	404	181	1,528	(206)	(143)	(349)	1,179
Financial Services	1,375	975	(247)	2,103	(44)	(16)	(60)	2,043
Legal and Member Services	489	843	228	1,560	(236)	(121)	(357)	1,203
Planning and Housing Services	2,042	1,228	300	3,570	(1,851)	(229)	(2,080)	1,490
Strategic Services	463	3,934	(192)	4,205	(1,138)	(127)	(1,265)	2,940
	7,567	**33,197**	**-**	**40,764**	**(4,891)**	**(25,631)**	**(30,522)**	**10,242**

Segmental Analysis 2013/14	Employee costs £'000	Other service expenses £'000	Support service costs £'000	Total expenditure £'000	Fees & other income £'000	Government grants £'000	Total income £'000	Net expenditure £'000
Strategic Management	645	4,228	(286)	4,587	(1,090)	(584)	(1,674)	2,913
Customer Services	2,377	1,562	(421)	3,518	(1,296)	(1,282)	(2,578)	940
Environmental Services	862	416	169	1,447	(211)	(170)	(381)	1,066
Legal and Democratic Services	451	948	127	1,526	(252)	(144)	(396)	1,130
Finance and Property	1,747	25,137	(201)	26,683	(623)	(23,378)	(24,001)	2,682
Planning and Housing	1,560	393	612	2,565	(974)	(402)	(1,376)	1,189
	7,642	**32,684**	**-**	**40,326**	**(4,446)**	**(25,960)**	**(30,406)**	**9,920**

Reconciliation of net cost of services in Comprehensive Income and Expenditure Statement

2013/14							2014/15					
Directorate Analysis	Not Reported to Management	Not included in CIES	Net Cost of Services	Corporate Amounts	Total	Reconciliation of Net Cost of Services in CIES	Directorate Analysis	Not Reported to Management	Not included in CIES	Net Cost of Services	Corporate Amounts	Total
9,920		83	10,003	(1)	10,002	Cost of Services in General Fund Service Analysis	10,242		65	10,307	(23)	10,284
						Add amounts not reported to management:-						
	(101)		(101)		(101)	Capital grants and contributionsapplied and unapplied						
	679		679		679	Revenue funded from capital under statute		954		954		954
	(6)		(6)		(6)	Accumulated Absences Account		2		2		2
	(835)		(835)		(835)	IAS 19 Pension adjustment		(958)		(958)		(958)
	85		85	7	92	Depreciation and Revaluation losses		8		8		8
9,920	**(178)**	**83**	**9,825**	**6**	**9,831**	**Net Cost of Services in CIES**	**10,242**	**6**	**65**	**10,313**	**(23)**	**10,290**
			-	(6,026)	(6,026)	Income from council tax				-	(6,049)	(6,049)
			-	(2,155)	(2,155)	Income from NNDR				-	(1,766)	(1,766)
					-	Net gains from donated assets					(85)	(85)
					-	Capital grants and contributions receivable					(437)	(437)
			-	(4,760)	(4,760)	Government grants				-	(4,417)	(4,417)
-	**-**	**-**	**-**	**(12,941)**	**(12,941)**	**Total Income**	**-**	**-**	**-**	**-**	**(12,754)**	**(12,754)**
			-	121	121	Interest payments				-	100	100
		(83)	(83)	(7)	(90)	Trading Account (Surplus) / Deficit			(65)	(65)	23	(42)
			-	1,790	1,790	Precepts and levies				-	1,851	1,851
			-	(198)	(198)	Interest and investment income				-	(146)	(146)
			-	7	7	Imopairment/revaluations of assets held for sale				-		-
			-	1,379	1,379	(Gain)/Loss on disposal of non-current assets				-	(634)	(634)
			-	337	337	Income from investment properties				-	21	21
			-	1,399	1,399	Pension scheme interest costs				-	1,350	1,350
-	**-**	**(83)**	**(83)**	**4,828**	**4,745**	**Total Operating Expenses**	**-**	**-**	**(65)**	**(65)**	**2,565**	**2,500**
			9,742	**(8,107)**	**1,635**	**(Surplus)/Deficit on provision of services**				**10,248**	**(10,212)**	**36**

22. PROPERTY, PLANT AND EQUIPMENT

2013/14							2014/15					
Other Land and buildings £000	Vehicles, Plant and equipment £000	Infra-structure assets £'000	Community assets £'000	Surplus assets £000	Total £000		Other Land and buildings £000	Vehicles, Plant and equipment £000	Infra-structure assets £'000	Community assets £'000	Surplus assets £000	Total £000
						Cost or valuation						
5,626	**3,597**	**607**	**41**	**2,585**	**12,456**	**At 1 April**	**5,579**	**3,711**	**607**	**41**	**481**	**10,419**
56	184	-	-	-	240	Additions	343	432	-	-	-	775
75	-	-	-	31	106	Revaluation increases / (decreases) recognised in the Revaluation Reserve	(31)	-	-	-	54	23
-	-	-	-	-		Revaluation increases / (decreases) recognised in the surplus / deficit on						
(178)	-	-	-	4	(174)	the provision of services	(2)	-	-	-	(6)	(8)
-	(70)	-	-	(2,139)	(2,209)	Derecognition - disposals	-	(29)	-	-	(20)	(49)
-	-	-	-	-	-	Assets reclassified to/from held for resale	-	-	-	-	204	204
-	-	-	-	-	-	Other Reclassifications	230	-	-	-	(30)	200
5,579	**3,711**	**607**	**41**	**481**	**10,419**	**At 31 March**	**6,119**	**4,114**	**607**	**41**	**683**	**11,564**
						Accumulated Depreciation and Impairment						
(174)	**(570)**	**(183)**	**-**	**(3)**	**(930)**	**At 1 April**	**(37)**	**(989)**	**(201)**	-	**-**	**(1,227)**
(122)	(488)	(18)	-	(6)	(634)	Depreciation charge for year	(127)	(509)	(18)	-	(9)	(663)
169	-	-	-	9	178	Depreciation written out to the Revaluation Reserve	70	-	-	-	-	70
90	-	-	-	-	90	Depreciation written out to the surplus/ deficit on the provision of services	-	-	-	-	-	-
-	-	-	-	-	-	Impairment losses / (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-
-	-	-	-	-	-	Impairment losses / (reversals) recognised in the surplus / deficit on the provision of services	-	-	-	-	-	-
-	69	-	-	-	69	Derecognition - disposals		29	-	-		29
-	-	-	-	-	-	Assets reclassified to/from held for resale	-	-	-	-	-	-
-	-	-	-	-	-	Other Reclassifications	(5)	-	-	-	5	-
(37)	**(989)**	**(201)**	**-**	**-**	**(1,227)**	**At 31 March**	**(99)**	**(1,469)**	**(219)**	**-**	**(4)**	**(1,791)**
5,542	**2,722**	**406**	**41**	**481**	**9,192**	**Net Book Value at 31 March**	**6,020**	**2,645**	**388**	**41**	**679**	**9,773**

Depreciation

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

- Buildings – 10 - 50 years
- Vehicles, Plant, Furniture and Equipment- between 2 and 10 years, depending on the estimated life of the asset
- Infrastructure - 40 years.

Revaluations of Non-Current Assets

The following table shows the progress of the council's rolling programme for the revaluation of non-current assets. On 31 March 2015 assets were revalued by internal valuer Paul Smith FRICS, IRRV. The basis of the valuations of property assets is shown in the Statement of Accounting Policies.

Valued at	Land and Buildings £000	Vehicles Plant and Equipment £000	Infra-structure £000	Community Assets £000	Surplus Assets £000	Investment Properties £000	Total £000
Historic Cost	-	5,128	607	41	-	-	5,776
Current Cost in:							
2013/14	1,070	-	-	-	-	-	1,070
2014/15	5,049	-	-	-	682	3,129	8,860
Total	**6,119**	**5,128**	**607**	**41**	**682**	**3,129**	**15,706**

Non-current assets owned by the council include the following:

	Number of assets held at	
	2014/15	**2013/14**
Other Land and Buildings:		
Off Street Car Parks	17	17
Lorry Parks	1	1
Office Buildings	1	1
Public Conveniences	13	13
Cemetery Buildings	2	1
Swimming Pools	1	1
Vehicles, Plant and Equipment	72	52
Surplus Assets	16	14
Investment Properties	25	27

Componentisation

Under the Code, the council is required to account separately for expenditure on major building components incurred from 1st April 2010, so that they can be depreciated over their respective useful lives. No components were identified in 2014/15

Reclassifications

During the year one asset transferred into Land and Buildings from Investment Properties. Three assets were reclassified as Surplus from Available for Sale and one asset moved from Surplus to Land and Buildings.

23. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as the assets are used by the council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed. The CFR is analysed in the final part of this note.

	2014/15 £000	2013/14 £000
Opening Capital Financing Requirement	**1,357**	**1,622**
Capital Investment:		
Property Plant and Equipment	775	240
Intangible Assets	117	122
Revenue Expenditure Funded from Capital under Statute	954	679
Sources of finance:		
Capital Receipts	(643)	(295)
Government grants and other contributions	(999)	(624)
Donated Asset	(85)	-
Sums set aside from revenue:		
Direct revenue contributions	(110)	(123)
Minimum Revenue Provision	(284)	(264)
Closing Capital Financing Requirement	**1,082**	**1,357**
Explanation of movements in year:		
Increase in underlying need to borrow (supported by government financial assistance)	-	-
Increase in underlying need to borrow (unsupported by government financial assistance)	9	-
Assets acquired under finance leases	(284)	(264)
Assets acquired under PFI/PPP contracts	-	-
Increase/(decrease) in Capital Financing Requirement	**(275)**	**(264)**

Commitments under capital contracts

There were no capital commitments as at 31st March 2015.

24. COMMUNITY ASSETS

Community Assets are held by the council and included in the Balance Sheet at a nominal value. These mainly comprise of open spaces. The Code added the option for authorities to extend the measurement and disclosures required by heritage assets to community assets. The council has so far not adopted to change its accounting policy in this way as it does not currently have the management information to make reasonable valuation estimates of community assets.

25. INVESTMENT PROPERTY

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

	2014/15 £000	2013/14 £000
Rental income from investment property	179	181
Direct operating expenses arising from investment property	(144)	(254)
Net gain/(loss)	**35**	**(73)**

There are no restrictions on the council's ability to realise the value inherent in its investment property or on its right to the remittance of income and the proceeds of disposal. The council has no contractual obligations to purchase, construct, enhance or develop investment property, however some lease agreements require the council to repair and maintain properties.

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

	2014/15 £000	2013/14 £000
Balance outstanding at start of year	3,379	3,716
Disposals	(29)	-
Net gains/losses from fair value adjustments	(21)	(337)
Transfers:		
to Property, Plant and Equipment	(200)	-
Balance outstanding at year-end	**3,129**	**3,379**

26. ASSETS HELD UNDER LEASES

<u>Council as Lessee</u>

Finance Leases

The council has acquired a number of refuse collection vehicles under finance leases.

The assets acquired under these leases are carried as Property Plant and Equipment in the Balance Sheet at the following net amounts:

	2014/15 £000	2013/14 £000
Vehicles Plant and Equipment	1,082	1,367
	1,082	**1,367**

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

	2014/15 £000	2013/14 £000
Finance lease liabilities (net present value of minimum lease payments):		
Current – payments due within 1 year	306	284
Non-current – payments due after 1 year	776	1,082
Finance costs payable in future years	138	229
Minimum lease payments	**1,220**	**1,595**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Not later than 1 year	375	375	306	285
Later than 1 year and not later than 5 years	845	1,220	776	1,082
Later than 5 years	-	-	-	-
	1,220	**1,595**	**1,082**	**1,367**

Operating Leases

The council has acquired a number of assets by entering into operating leases. In addition, the council has entered into long-term agreements with a number of local schools to operate leisure facilities in premises owned by the schools outside of the school opening hours. These agreements have been reviewed and it has been determined these are effectively operating leases although no rental payments are made; instead the council contributes to the running costs of the premises. For accounting purposes, it has been decided to disclose a notional payment of £1 per year per leisure centre.

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

	2014/15 £000	2013/14 £000
Vehicles and Equipment		
Not later than 1 year	40	43
Later than 1 year and not later than 5 years	19	59
Later than 5 years	-	-
Leisure Facilities		
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	59	**102**

The expenditure charged to all service lines in the Comprehensive Income and Expenditure Statement during the year in relation to the Vehicle and Equipment leases was £41,328 (2013/14 £31,660).

Council as Lessor

Operating Leases

The council owns a number of properties it leases to other organisations under operating leases. All the assets are held as Investment Properties and, therefore, do not attract depreciation. The future minimum lease payments receivable under non-cancellable leases in future years are:

	2014/15 £000	2013/14 £000
Not later than 1 year	188	160
Later than 1 year and not later than 5 years	547	473
Later than 5 years	838	782
	1,573	**1,415**

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

27. INTANGIBLE ASSETS

	2014/15 £000	2013/14 £000
Balance at start of year:		
Gross carrying amounts	897	823
Accumulated amortisation	(553)	(514)
Net carrying amount at start of year	344	309
Additions:		
Purchases	117	122
Amortisation for the period	(118)	(87)
Net carrying amount at end of year	343	344
Comprising:		
Gross carrying amounts	1,014	897
Accumulated amortisation	(671)	(553)
	343	344

At the year end there were no outstanding capital commitments in respect of intangible assets.

28. ASSETS HELD FOR SALE

	2014/15 £000	2013/14 £000
Balance outstanding at start of year	203	211
Revaluation losses	-	(8)
Assets declassified as held for sale:		
Property, Plant and Equipment	(203)	-
Balance outstanding at year-end	**0**	**203**

29. FINANCIAL INSTRUMENTS

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

	Long Term		Current	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000 Reclassified
Financial Assets				
Loans and Receivables (investments)	-	-	16,051	10,033
Total Loans and Receivables	-	-	16,051	10,033
Cash & cash equivalents	-	-	4,600	8,061
Total Cash & Cash Equivalents	-	-	4,600	8,061
Debtors	22	29	3,065	2,835
Total Debtors	22	29	3,065	2,835
Financial Liabilities at amortised cost				
Finance Leases	776	1,082	306	284
Total Finance Leases	776	1,082	306	284
Creditors	-	-	2,802	1,893
Total Creditors	-	-	2,802	1,893

The 2013/14 Current asset figures have been reclassified due to errors being found in the original analysis. No financial assets or liabilities have been reclassified during the current financial year.

Fair Values of Assets and Liabilities

Financial liabilities, financial assets (represented by loans and receivables) and long term debtors and creditors are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.

As the majority of the assets and liabilities are instruments that will mature in the coming 12 months, carrying amount is assumed to be approximate to fair value. The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Fair values of loans and receivables

Available for sale assets are carried on the balance sheet at their fair value. These values are based upon public price quotations where there is an active market for the instrument.

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

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key Risks

The council’s activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the council.

- Liquidity risk – the possibility that the council might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the council might be requiring to renew a financial instrument on maturity at disadvantageous rates or terms.
- Market risk – the possibility that financial loss might arise for the council as a result of changes in such measures as interest rate movements.

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

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with banks and financial institutions unless they meet identified minimum credit criteria in accordance with Fitch, Moody's and Standard and Poors ratings services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. The full Investment Strategy for 2014/15 was approved by council on 27 February 2014 and is available on the council's website.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies of £16.051m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the council's deposits but there was no evidence at 31 March 2015 that this was likely to crystallise.

The following analysis summarises the council's potential maximum exposure to credit risk (using investments outstanding and arranged at 31 March 2015), based on experience of default assessed by the ratings agencies and the council's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2015 £000 (a)	Historical experience of default % (b)	Adjustment for market conditions at 31 March 2015 % (c)	Estimated maximum exposure to Default £000 (a*c)
Deposits with banks and financial institutions				
AAA rated counterparties	-	-	-	-
AA rated counterparties	4,004	0.0200	0.0200	1
A rated counterparties	12,047	0.0900	0.0900	10
Other counterparties	-	0.2100	0.2100	-
	16,051			**11**

The historical experience of default has been taken from average 1 year default rates published by the three main rating agencies at March/April 2013, relating to 2012 figures. Whilst current economic conditions have raised the overall possibility of default, the council maintains strict credit criteria for investment counterparties. As a result of these high credit criteria, we have maintained historical default rates as a good indicator under current conditions.

The council also uses non-credit rated institutions, such as smaller building societies or bank subsidiaries where the parent has a satisfactory rating. In these circumstances, these investments are classified as Other Counterparties.

No breaches of the council's counterparty criteria occurred during the reporting period and the council does not expect any losses from non-performance by any of it's counterparties in relation to deposits and bonds.

The council does not generally allow credit for its trade debtors as payment is due immediately. This means that all of the £838,000 trade debtor balance is technically past its due date for payment. The past due amount can be analysed by age as follows:

	2014/15 £000	2013/14 £000
Less than 3 months	765	445
3 to 6 months	11	38
6 months to 1 year	15	8
Over 1 year	47	37
	838	**528**

Liquidity risk

The council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If needed, the council has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise the finance to meet its commitments under financial instruments. The council has no borrowings and all trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk – the council has limited exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the council depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates will have the following impacts:

- Investments at variable rates will have higher interest income credited to the CIES; and
- Investments at fixed rates will experience a fall in the fair values of the assets.

The council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the council's prudential indicators and its expected treasury operations and includes an expectation of interest rate movements. From this strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Treasury team monitors market and forecast interest rates within the year to adjust exposures appropriately.

If all interest rates had been 1% higher at 31 March 2015, with all other variables held constant, the financial effect would be:

	£
Increase in interest receivable on variable rate investments	54,850
Impact on Surplus or Deficit on the Provision of Services	**54,850**

he impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk – the council, excluding the pension fund, does not generally invest in instruments with this type of risk.

Foreign exchange risk – the council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

30. INVENTORIES

	2014/15 £000	2013/14 £000
Sports Centre Inventories for resale	15	19
Waste wheeled bins	41	34
Other Inventories	56	13
Total Inventories and Work in Progress	**112**	**66**

31. DEBTORS

SHORT TERM DEBTORS	2014/15 £000	2013/14 £000 Restated
Debtors falling due within one year:		
Central Government bodies	1,317	1,081
Local Authorities	785	793
NHS bodies	19	-
Other trade debtors	3,003	3,136
Prepayments	185	155
Total Debtors and Prepayments	**5,309**	**5,165**
Less Provision for Bad and Doubtful Debts:		
Other trade debtors	(801)	(697)
Collection Fund	(114)	(142)
Total Provisions for Bad and Doubtful Debts	**(915)**	**(839)**
Net Debtors and Prepayments	**4,394**	**4,326**

- A net creditor of £14,000 for Non Domestic Rates previously included in the restated 2013/14 'Central government bodies' figure has been moved to Creditors.

LONG TERM DEBTORS	31 March 2014 £000	During 2014/15 Advances £	During 2014/15 Repayments/ Write Offs £	31 March 2015 £000
Mortgages	28	-	7	21
Homelessness Loan	1	-	-	1
	29	**-**	**7**	**22**

32. CASH AND CASH EQUIVALENTS

	2014/15 £000	2013/14 £000 Restated
Cash in Hand	1	1
Demand Deposits	5,487	8,973
Cash and Cash Equivalents	**5,488**	**8,974**
Cash and cash equivalents – bank overdraft	(888)	(913)
Total	**4,600**	**8,061**

- The Code of Practice on Local Authority Accounting permits Bank Overdrafts on the balance Sheet to be either netted off against Cash and Cash Equivalents or shown as a separate item under Current Liabilities. In 2013/14 the former option was exercised but for 2014/15 we have opted to use the latter, so as to show consistency with our GO partners.

33. SHORT TERM CREDITORS

	2014/15 £000	Restated 2013/14 £000
Creditors falling due within one year:		
Central Government bodies	1,447	277
Local Authorities	1,614	1,298
NHS Bodies	14	1
Other trade creditors	2,090	1,487
Untaken Leave Accruals	87	85
Receipts in advance	1,620	1,008
Total Creditors and Receipts in advance	**6,872**	**4,156**

- A net creditor of £14,000 for Non Domestic Rates previously included in the 'Short Term Debtors Central government bodies' figure has been moved to Creditors.

34. PROVISIONS

	Balance at 1st April £000	Additional provisions made in Year £000	Amounts used in Year £000	Unused Amount Reversed £000	Balance at 31st March £000
Short term					
General Insurance	1	-	-	-	1
Business rates retention – appeals	100	17	(54)	-	63
Land Charges appeals	-	48	-	-	48
NDR Legal Challenge	26	-	(26)	-	-
Redundancy and early retirement costs	129	33	(129)	-	33
Total 2014/15	**256**	**98**	**(209)**	**-**	**145**
Total 2013/14	**1,477**	**233**	**(1,454)**		**256**

General Insurance

The Insurance Provision was established to fund the cost of claims from third parties against the council under insurance policy excesses. The provision represents the value of an assessment of the council's liability in respect of the current insurance claims outstanding with the council's insurers. Transfers between the Insurance Provision and the Insurance Reserve are made in order to provide adequate funding for the outstanding claims liability notified by the insurance company.

The insurance reserve is used to fund losses for which the council does not carry insurance cover, fluctuations in insurance premiums and corporate risk management strategy implementation.

Redundancy and Early Retirement

The redundancy provision relates to 1 member of staff due to leave in 2015/16.

Business Rates Retention:

The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1st April 2013.

From this date local authorities assume a share of the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This includes amounts paid over to central government in respect of 2012/13 and prior years. Consequently the council considers it necessary to make a provision to cover its share of the repayments likely to be made. The provision is based on the expected success rate of appeals lodged at 31 March 2015, and has been classified as short term to reflect the estimated time until settlement.

A total provision of £100k was set aside in 2013/14 to cover the likely costs, of which £54k was used in 2014/15 to meet appeals settled in the year. The provision was increased by £17k in 2014/15 to £63k to cover future estimated losses estimated to arise in 2015/16.

NDR Legal Challenge

A provision was made in 2013/14 in respect of NDR Legal challenges with regards to certain entries on the council's version of the valuation list. These challenges were resolved and payments made in 2013/14 and 2014/15.

Land Charges Appeals

A number of search companies have commenced legal proceedings regarding charges made for personal searches of the Land Charges Register. The council has been informed that the value of those claims is approximately £48k. These will be payable by the council in 2015/16.

35. CONTINGENT LIABILITIES

Two Rivers Housing:

The council transferred its housing stock to Two Rivers Housing on 31 March 2003. As part of the transfer arrangements the council provided a warranty to Two Rivers Housing and its funders covering future liabilities or claims that may occur in respect of land transferred to them. The warranty covers potential liabilities such as contamination caused by previous land use which could give rise to a potential risk to the occupants of houses built on the land. The council decided to self-fund the liability instead of paying for insurance cover following an environmental study that concluded that the risk of contamination of the land is very low. A minimum sum of £2m will be retained within Useable Capital Receipts to cover this potential liability. These arrangements will be kept under review in 2015/16.

Municipal Mutual Insurance Ltd:

The council's former insurers Municipal Mutual Insurance Ltd ceased trading in 1992; the council became a party to the scheme of administration for liabilities outstanding at that time. Whilst there is a very low risk that the assets of the company will not meet the liabilities from insurance claims, the scheme guarantees that the council will reimburse the total of payments made in respect of claims less £50,000. At 31 March 2015 this potential total liability equated to £93,051, made up as follows:

	2014/15 £000
Gross claim payments to date	159
15% levy paid 2013/14	(16)
Net Payments	143
Levy retention	(50)
Potential liability 31st March 2015	93

This is kept under review annually to ensure that a solvent run-off of the company's business is still anticipated. Following the trigger of the scheme of arrangement and the payment of a 15% levy in 2013/14, advice received predicts that an additional amount of 35% may need to be levied on creditors to achieve a solvent run off, representing a total levy of 50%. The potential contingent liability at 31st March 2015 is £38,315, based on 35% of £109,472, being the gross liability less the £50,000 retention. The likelihood and timing of any additional liabilities is unknown at this stage.

36. CONTINGENT ASSETS

There are no known contingent assets as at 31 March 2015.

37. TRANSFERS TO/FROM EARMARKED RESERVES

Movements in the council's usable reserves are detailed in the Movement in Reserves Statement on page 14. Movements in the *earmarked* reserves shown on the statement are detailed below.

	Balance at 1 April 2013 £'000	Transfers out 2013/14 £'000	Transfers in 2013/14 £'000	Balance at 1 April 2014 £'000	Transfers out 2014/15 £'000	Transfers in 2014/15 £'000	Balance at 1 April 2015 £'000
Earmarked Reserves							
Capital Reserve	**1,257**	(31)	80	**1,306**	-	80	**1,386**
Equalisation Reserves	**822**	(8)	1,223	**2,037**	(660)	416	**1,793**
Repairs & Renewals Reserve	**293**	(139)	320	**474**	(257)	480	**697**
Reserves for Commitments	**493**	(242)	75	**326**	(326)	113	**113**
Other earmarked reserves	**3,341**	(383)	171	**3,129**	(802)	927	**3,254**
	6,206	**(803)**	**1,869**	**7,272**	**(2,045)**	**2,016**	**7,243**

Purpose of reserves

Capital Reserve – to finance the general fund capital programme and new initiatives.

Equalisation Reserves – to smooth out fluctuations in expenditure or income as a result of cyclical events, for example local elections. Also to cushion the impact of fluctuating activity levels (for example housing benefit payments) or movements in investment recovery, interest or exchange rates.

Repairs and Renewals Reserves – to meet the cost of planned and reactive repairs to buildings and infrastructure and to fund the renewals programme for computer equipment.

Reserves for Commitments – to cover the cost of budget commitments where spending did not take place in the year approved, but is planned to take place in the following year.

Other earmarked reserves – sums built up to cover the future costs of planned expenditure, for example organisational restructures and council initiatives.

38. UNUSABLE RESERVES

The council keeps a number of reserves on the Balance Sheet which do not represent usable resources for the council as they are required to be held for statutory reasons, or to comply with proper accounting practice.

Reserve	31st March 2015 £000	31st March 2014 £000	Purpose of Reserve
Revaluation Reserve	1,420	1,380	Store of gains on revaluation of non-current assets not yet realised through sales
Capital Adjustment Account	10,743	10,353	Store of capital resources set aside to meet past expenditure
Collection Fund Adjustment Account	603	335	Balancing account to allow for differences in statutory requirements and proper accounting practices for council tax surpluses/deficits
Pensions Reserve	(36,960)	(31,878)	Balancing account to allow inclusion of Pension Liability in the Balance Sheet
Deferred Capital Receipts Reserve	21	29	Capital receipts to be received in future years e.g. from finance lease or mortgage repayments
Accumulating Compensated Absences Adjustment Account	(87)	(85)	Balancing account to allow for differences in statutory requirements and proper accounting practices for staff leave and additional hours not taken at the year end
Total Unusable Reserves	**(24,260)**	**(19,866)**	

Revaluation Reserve

The Revaluation Reserve contains the gains made by the council from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

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

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

	2014/15 £000	2013/14 £000
Balance at 1 April	**1,380**	**1,241**
Upward revaluation of assets	119	345
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(26)	(60)
Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account	(33)	(21)
Accumulated gains on assets sold or scrapped written off to Capital Adjustment Account	(20)	(125)
Balance at 31 March	**1,420**	**1,380**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with amounts set aside by the council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties. The account also contains revaluation gains accumulated on Property Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the account apart from those involving the Revaluation Reserve.

	2014/15 £000	2013/14 £000
Balance at 1 April	**10,353**	**12,870**
Reversal of items relating to capital expenditure debited or credited to CIES:		
Charges for depreciation and impairment of non-current Assets	(663)	(634)
Revaluation losses on Property Plant & Equipment	(8)	(92)
Amortisation of Intangible Assets	(118)	(87)
Revenue expenditure funded from capital under statute	(954)	(679)
Amounts of Non-current Assets written off on disposal or sale as part of the loss/profit on disposal to CIES	(35)	(2,140)
Adjusting amounts written out of the Revaluation Reserve	53	146
Net written out amount of the cost of Non-current Assets consumed in year	(1,725)	(3,486)
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	658	294
Capital grants and contributions credited to CIES that have been applied to capital financing	792	580
Application of grants to capital financing from the Capital Grants Unapplied Account	292	44
Statutory provision for the financing of capital investment charged against the General Fund	284	264
Capital expenditure charges against the General Fund	110	123
Movements in the market value of Investment Properties debited or credited to CIES	(21)	(337)
	2,115	968
Balance at 31 March	**10,743**	**10,352**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the CIES as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2014/15 £000	2013/14 £000
Balance at 1 April	335	136
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	268	199
Balance at 31 March	**603**	**335**

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 provision. The council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on the resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.
Further information is shown within note 40, pages 66 to 71.

Deferred Capital Receipts Reserve

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

	2014/15 £000	2013/14 £000
Balance at 1 April	29	37
Transfer of deferred sale proceeds credited as part of the loss/profit on disposal to the CIES	(8)	(8)
Balance at 31 March	**21**	**29**

Accumulated Absences Account

This account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for staff 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 by transfers to or from the account via the Movement in Reserves Statement.

	2014/15 £000	2013/14 £000
Balance at 1 April	(85)	(91)
Settlement or cancellation of accrual made at the end of the preceding year	85	91
Amounts accrued at the end of the current year	(87)	(85)
Balance at 31 March	**(87)**	**(85)**

39. IMPAIRMENT LOSSES

During the year, the council has not recognised any impairment losses.

40. DEFINED BENEFIT PENSION SCHEMES

Participation in the pension scheme

As part of the terms and conditions of employment of its officers and members, the council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The council participates in the Local Government Pension Scheme, administered by Gloucestershire County Council. This is a funded defined benefit final salary scheme, meaning that the council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

Transactions relating to post-employment benefits

We recognise the costs of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund in the Movement in Reserves Statement (MIRS). The following transactions have been made in the Comprehensive Income and Expenditure Statement (CIES) and the General Fund Balance via the MIRS during the year:

	2014/15 £000	Restated 2013/14 £000
Comprehensive Income and Expenditure Statement (CIES):		
Services Cost comprising:		
Current service cost	(1,013)	(921)
Past service costs/gain	(90)	(29)
(Gain)/loss from settlements	10	-
Financing and Investment Income and Expenditure:		
Net interest expense	(1,350)	(1,399)
Total post-employment benefit charged to Surplus or Deficit on Provision of Services	(2,443)	(2,349)
Other post-employment benefit charged to CIES:		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	4,173	(1,320)
Actuarial gains and losses arising on changes in demographic assumptions	-	(1,207)

Actuarial gains and losses arising on changes in financial assumptions	(9,641)	(1,503)
Other experience	777	4,209
Total post-employment benefit charged to CIES	**(7,134)**	**(2,170)**
Movement in Reserves Statement:		
Reversal of net charges made to Surplus or Deficit on Provision of Services for post-employment benefits in accordance with the Code	2,443	2,349
Actual amount charged against General Fund Balance for pensions in the year		
Employers' contributions payable to scheme	2,083	1,785

Pension Assets and Liabilities recognised in the balance sheet

The amount included in the balance sheet arising from the council's obligation in respect of its defined benefit plan is as follows:

	2014/15 £000	2013/14 £000
Present value of the defined benefit obligation	(79,770)	(69,665)
Present value of the unfunded liabilities	(2,641)	(2,531)
Fair value of plan assets	45,451	40,287
Net liability arising from defined benefit obligation	**(36,960)**	**(31,909)**

Unfunded benefits relate to the impact on the pension scheme of past early retirement discretionary decisions made by the council, not included as funded benefits. The payments made to pension participants under these arrangements are met by a direct cash contribution from the council each year.

Reconciliation of present value of the scheme liabilities:

	Funded Liabilities Local Government Pension Scheme	
	2014/15 £000	**2013/14 £000**
Opening balance at 1 April	(72,196)	(71,885)
Current service cost	(1,013)	(921)
Interest cost	(3,073)	(3,202)
Contributions by scheme participants	(281)	(263)
Re-measurement gain/(loss):		
Arising from changes in demographic assumptions	-	(1,207)
Arising from changes in financial assumptions	(9,641)	(1,503)
Other experience	777	4,209
Past service costs	(90)	(29)
Liabilities extinguished on settlements	368	-
Benefits paid	2,606	2,474
Unfunded benefits paid	132	131
Closing Balance at 31st March	**(82,411)**	**(72,196)**
31 March 2015 – Present value of Funded liabilities	**(79,770)**	**(69,665)**
31 March 2015 – Present value of Unfunded liabilities	**(2,641)**	**(2,531)**
Closing balance 31 March	**(82,411)**	**(72,196)**

Reconciliation of movements in the fair value of the scheme (Plan) assets:

	Funded Assets Local Government Pension Scheme	
	2014/15 £000	**Restated 2013/14 £000**
Opening fair value of scheme assets	40,287	40,361
Interest income	1,723	1,803
Re-measurement gain/(loss):		
Return on plan assets (excluding the amount included in the net interest expense	4,173	(1,320)
Contribution by employees into the scheme	281	263
Contribution by employer	1,951	1,654
Contributions by employer in respect of unfunded benefits	132	131
Effect of settlements	(358)	-
Unfunded benefits paid	(132)	(131)
Benefits paid	(2,606)	(2,474)
Closing fair value of scheme assets as at 31 March	**45,451**	**40,287**

Local Government Pension scheme assets at 31st March comprised:

	Fair Value of Scheme Assets					
	2014/15			2013/14		
	Quoted prices in active market £000	Quoted prices not in active market £000	Total £000	Quoted prices in active market £000	Quoted prices not in active market £000	Total £000
Cash and cash equivalents	687		687	682		682
Equity instruments (by industry type):						
Consumer	2,439		2,439	2,312		2,312
Manufacturing	1,084		1,084	968		968
Energy and Utilities	1,153		1,153	1,326		1,326
Financial Institution	2,158		2,158	2,012		2,012
Health and Care	432		432	450		450
Information Technology	-		-	63		63
Other	1,090		1,090	1,495		1,495
Debt Securities:						
Corporate Bonds (investment grade)	2,307		2,307	1,928		1,928
Corporate Bonds (non-investment grade)	174		174	128		128
UK Government	4,279		4,279	3,615		3,615
Other	744		744	292		292
Real Estate:						
UK Property	2,254	780	3,034	1,827	420	2,247
Overseas Property		234	234		140	140
Private Equity:		135	135		135	135
Investment Funds and Unit Trusts:						
Equities	1,501	19,831	21,332	1,294	17,547	18,841
Bonds	1,970	121	2,091	1,737	41	1,778
Other		2,080	2,080		1,870	1,870
Derivatives:						
Foreign Exchange	-		-	7		7
Other	(2)		(2)	(2)		(2)
Closing fair value of scheme assets as at 31st March	**22,270**	**23,181**	**45,451**	**20,134**	**20,153**	**40,287**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels, etc.

The Gloucestershire County Council pension fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 1 April 2013. The significant assumptions made in their calculations have been:

	Local Government Pension Scheme	
	2014/15 £	**2013/14 £**
Long term expected rate of return on assets in the scheme:		
Equity investments	4.3%	4.3%
Bonds	4.3%	4.3%
Property	4.3%	4.3%
Cash	4.3%	4.3%
Mortality assumptions:		
Longevity at 65 for current pensioners		
Men	22.5 years	22.5 years
Women	24.6 years	24.6 years
Longevity at 65 for future pensioners		
Men	24.4 years	24.4 years
Women	27.0 years	27.0 years
Rate of inflation/pension increase (CPI)	2.4%	2.8%
Rate of increase in salaries **	3.8%	4.1%
Rate for discounting scheme liabilities	3.2%	4.3%

* Salary increases are assumed to be RPI plus 0.5% plus an additional allowance for promotional salary increases.

The Local Government Pension Scheme's assets consist of the following categories by proportion of the total assets held:

	2014/15 %	**2013/14 %**
Equity investments	80	73
Bonds	10	19
Property	8	6
Cash	2	2
Total	**100**	**100**

Commutation:

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre April 2008 service and 75% of the maximum tax-free cash for post April 2008.

Sensitivity analysis:

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the 31st March 2015 and assumes for each change that the assumption analysed changes whilst all other assumptions remain constant.

Change in assumptions at year ended 31 March 2015	Approximate % increase to Employer	Approximate cost to Employer £000
0.5% decrease in Real Discount Rate	9%	7,618
1 year increase in member life expectancy	3%	2,472
0.5% increase in the Salary Increase Rate	2%	2,025
0.5% increase in the Pension Increase Rate	7%	5,466

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. Funding levels are monitored on an annual basis, with the next triennial valuation due on 31st March 2016.

The council is anticipated to pay employers contributions of approximately £2,000k for the period 1st April 2015 to 31st March 2016. The weighted average duration of the defined benefit obligation for scheme members is 17.0 years as at 31st March 2015 (16.7 years as at 31st March 2014).

41. CASH FLOW STATEMENT – NON-CASH ITEMS INCLUDED IN SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES

The cash flows from operating activities include the following items:

	2014/15 £000	2013/14 £000
Interest received	147	188
Interest paid	(100)	(120)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

Non - cash items included in the surplus or deficit on the provision of services	2014/15 £000	2013/14 £000
Depreciation	(663)	(634)
Impairment and downward valuations	(8)	(92)
Amortisations	(118)	(87)
(Increase) / decrease in creditors	(2,788)	(198)
Increase / (decrease) in debtors	242	(1,006)
Increase / (decrease) in inventories (stock)	46	16
Movement in pension liability	(360)	(564)
Carrying amount of non-current assets sold or derecognised	(29)	(2,141)
Other non cash items charged to the net surplus or deficit on the provision of services	(16)	1,035
	(3,694)	**(3,671)**

42. CASH FLOW STATEMENT – INVESTING ACTIVITIES

Investing Activities	2014/15 £000	2013/14 £000
Purchase of property, plant and equipment, investment property and intangible assets	948	274
Purchase of Investments	34,000	90,726
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(701)	(775)
Proceeds form the sale of short and long term investments	(28,033)	(92,787)
Other receipts from investing activites		
Net cashflows from investing activites	**6,214**	**(2,562)**

43. CASH FLOW STATEMENT – FINANCING ACTIVITIES

Financing activites	2014/15 £000	2013/14 £000
Cash payments for the reduction of finance lease liabilities	285	265
Net cash flows from financing activites	**285**	**265**

44. Prior Period Adjustment's

The Code of Practice on Local Authority Accounting permits Bank Overdrafts on the balance Sheet to be either netted off against Cash and Cash Equivalents or shown as a separate item under Current Liabilities. In 2013/14 the former option was exercised but for 2014/15 we have opted to use the latter, so as to show consistency with our GO partners.

As this was a material item we have restated the figures in the Balance Sheet.

	2012/13 £000	2013/14 £000
Cash and cash equivalents		
Balance reported	4,495	8,061
Adjustment	444	913
Restated Cash and cash equivalents	**4,939**	**8,974**
Bank overdraft		
Balance reported	-	-
Adjustment	(444)	(913)
Restated bank overdraft	**(444)**	**(913)**

In the 2013/14 Statement of Accounts, the gross corporate and democratic gross income and expenditure detailed in the CIES were both understated by £1,156k. Although the net effect was nil, this is a material misstatement and consequently we have amended these figures within the 2014/15 CIES.

	2012/13 £000	2013/14 £000
Gross expenditure		
Balance reported	2,723	2,116
Adjustment	-	1,156
Restated Gross expenditure	**2,723**	**3,272**
Gross income		
Balance reported	(701)	(356)
Adjustment	-	(1.156)
Restated Gross Income	**(701)**	**(1,512)**

45. EVENTS AFTER THE REPORTING PERIOD

There are no known non-adjusting post balance sheet events.

46. AUTHORISATION OF ACCOUNTS FOR ISSUE

IAS 10 *Events after the Balance Sheet Date* requires the establishment of a date after which events will not have been recognised in the Statement of Accounts. For the audited accounts this is the date they are signed by the Section 151 Officer. On this basis, the date beyond which there can be no reasonable expectation that events could have been taken into account by the council is 24th September 2015. This is the date after which any events are not recognised in the accounts for the year 2014/15.

THE COLLECTION FUND - INCOME AND EXPENDITURE ACCOUNT

2013/14 £'000		Note	2014/15 £'000
	INCOME		
40,618	**Council Tax**	1	41,628
10,452	**Non-Domestic Rates**	3	11,925
	Impairment of debts/appeals for Council Tax		
1,282	Decrease in provision		
	Contribution towards previous years deficit - NDR		484
52,352	**Total Income**		**54,037**
	EXPENDITURE		
39,391	**Precepts & Demands from major preceptors and the Authority - Council Tax**	4	40,353
	Non-Domestic Rates	3	
5,653	Shares paid to county council and the billing authority		5,653
5,653	Payment of central share to government		5,653
120	Charge payable to General Fund for Costs of Collection		120
	Impairment of debts/appeals for Council Tax		
25	Write offs		
6	Increase in provision		64
	Impairment of debts/appeals for non-domestic rates		
37	Write offs		
251	Increase in provision		148
	Other transfers to General Fund per NDR regulations		13
431	**Contribution towards previous year's surplus - Council Tax**		1,225
51,567	**Total Expenditure**		**53,229**
785	**Surplus / (Deficit) for the Year**		808
940	Balance of fund at 1st April		1,725
1,725	**Balance of fund at 31st March**	5	**2,533**

NOTES TO THE COLLECTION FUND

1. GENERAL

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund. It shows the transactions in relation to Business Rates and Council Tax. It illustrates how these have been distributed to preceptors or the General Fund. The Collection Fund is consolidated with other accounts of the council.

2. COUNCIL TAX AND TRANSFERS FROM GENERAL FUND

Council Tax is levied as an amount per property.

Each property is allocated to a tax band depending on its assessed value, with Z being the lowest value and H being the highest. For the purposes of creating a tax base, each band is defined as a proportion of a band D property. For example a band B property is defined as 7/9ths of a band D property.

The tax base is calculated in terms of band D equivalent properties and reflects a projected collection rate (98%) which anticipates changes during the year arising from successful appeals against valuation banding, new properties, demolition, disabled persons relief and exemptions.

The tax rate, expressed as an amount per band D property, is calculated by aggregating demands on the Collection Fund from Forest of Dean District Council, Gloucestershire County Council, Gloucestershire Police Authority and the various parish councils throughout the district and dividing it by the tax base.

The tax base for 2014/15 was as follows:

Band	Number of chargeable dwellings	Proportion to Band D	Band D equivalent	Tax base
Z	17.50	5/9	6.25	6.13
A	4,062.26	6/9	2,329.33	2,282.74
B	9,349.36	7/9	5,341.86	5,235.02
C	10,418.34	8/9	5,896.98	5,779.04
D	8,446.65	1	4,777.44	4,681.89
E	7,705.01	11/9	4,366.51	4,279.18
F	4,553.87	13/9	2,569.31	2,517.92
G	2,614.02	15/9	1,450.78	1,421.76
H	232.17	2	131.00	128.38
Armed Forces Class O contribution in lieu of council tax			171.30	167.87
Council Tax base at 31st March 2014			27,040.76	£26,499.94
Council tax collectable (excl Parish Precepts)				£38,703,675
Parish Precepts collectable			£1,827,893	
Less Localisation support for Council Tax (LSCT)			£178,870	£1,649.23
Total tax collectable				£40,352,698
Band D tax for 2014/15 (excl Parish Precepts)				£1,460.52

3. BUSINESS RATES

Under the arrangements for uniform business rates, the council collects non-domestic rates for its area based on local rateable values multiplied by a uniform rate set by the government. Certain reliefs are available and the figure shown is net of these reliefs. Up until 2012/13 the total amount collectible for the year, less deductions for the cost of collection and bad and doubtful debts, was paid to a central pool (NNDR pool) managed by central government, which in turn paid back to authorities' general funds their share of the pool based on a standard amount per head.

From 1st April 2013 the Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities' general funds to retain a proportion of the business rates generated in their area, subject to their general funds paying a 'tariff' payment to the government if the amount exceeds a 'baseline funding' level or receiving of a 'top-up' if it is below the funding level.

District councils such as the Forest of Dean receive 40%, County Councils 10% and central government 50% of business rates collectible, with write offs, provision for impairment of debts and any surplus or deficit generated being shared in the same proportions. If growth exceeds a certain threshold then the council's general fund must pay a 'levy' to central government on the extra growth, or if the rates collectible fall below a certain amount the council receives a 'safety net' payment from the government.

The council is a member of the Gloucestershire Business Rates Pool, in which any levy payment or safety receipt is 'pooled' across several authorities. This enables each pool member to benefit from a lower levy rate payable should the growth in its business rates exceed its levy threshold, whilst receiving from the pool a safety net payment should its rates fall below its safety net threshold, contributed by the pool member.

However in 2014/15, due to substantial losses arising from successful business rates appeals at one of the other pooling member authorities, the council has incurred additional costs of £316k to contribute towards the pool deficit, in accordance with the pooling arrangements.

The total non-domestic rateable value at 31st March 2015 was £34.69 million (£34.37 million at 31st March 2014) and the national non-domestic multipliers for 2014/15 were 48.2p (47.1p in 2013/14) (standard rate) and 47.1p (46.2p in 2013/14) (small business rate), resulting in gross income of £11.93 million in 2014/15 (£10.45 million in 2013/14).

4. PRECEPTS AND DEMANDS

Significant precepts on the fund for 2014/15 are as follows:

	Precept £000	Surplus £000	Total £000
Gloucestershire County Council	28,898	881	29,779
Gloucestershire Police Authority	5,505	165	5,670
Forest of Dean District Council	5,945	179	6,124
Special Precepts	5	-	5
	40,353	**1,225**	**41,578**

5. FUND BALANCE

The balance of the Collection Fund is analysed between the precepting/demanding authorities in the ratio of their latest precepts/demands. The balance at 31 March 2015 is the amount estimated to be receivable by the council as follows:

Council Tax	FODDC share £000	County Council share £000	Police share £000	Central Government Share £000	Total £000
Balance at 1st April 2014	250	1,222	233	-	1,705
Increase in the Year	1	(12)	(3)	-	(14)
Balance at 31st March 2015	**251**	**1,210**	**230**	**-**	**1,691**

Business Rates

Balance at 1st April 2014	8	2	-	9	19
Increase in the Year	329	82	-	412	823
Balance at 31st March 2015	**337**	**84**	**-**	**421**	**842**

Fund Balance at 31st March2015	**588**	**1,294**	**230**	**421**	**2,533**

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING CODE OF PRACTICE
Although the preparation and control of accounting is regulated, there is no statutory basis for accounting entries. Instead, Local Authorities have to comply with the CIPFA/LASAAC Code of Practice on Local authority accounting in the United Kingdom (The Code).

ACCOUNTING PERIOD
This is the length of time covered by the accounts. It is normally a period of 12 months commencing on 1 April. The end of the accounting period is the balance sheet date.

ACCOUNTING POLICIES
The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements.

ACCRUAL
This is one of the main accounting concepts and ensures that income and expenditure are disclosed in the accounting period in which they are earned or incurred, not when cash is received or paid.

ACTUARIAL BASIS
The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.

ACTUARIAL GAINS AND LOSSES
These may arise on both defined benefit pension scheme liabilities and assets. A gain represents a positive difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were lower than estimated). A loss represents a negative difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were higher than expected).

ASSETS
An asset is something owned by an organisation that has a monetary value. Assets are either current or non-current:

- a current asset is one that will be used, or cease to have a material value, by the end of the next financial year (e.g. Inventories or debtors); and
- a non-current asset provides the organisation with benefits over more than one year.

AUDIT OF ACCOUNTS
An audit is an examination by an independent expert of an organisation's financial affairs to check that the relevant legal obligations and codes of practice have been followed.

BALANCE SHEET
A financial statement that summarises the organisation's assets, liabilities and other balances at the end of each accounting period.

BILLING AUTHORITY
The authority that sets council tax and collects it from council tax payers.

BUDGET
A financial plan that expresses an organisation's service delivery plans and capital programmes in monetary terms.

BUDGET STRATEGY
A document setting out how an organisation is going to meet its policies and priorities, taking into account the resources available to the organisation. This will include proposals for efficiency savings and possible service changes or reductions, which may free up resources for use on other policies or priorities.

CAPITAL EXPENDITURE
This is expenditure on items providing benefits to the organisation over more than one year, such as land, buildings or vehicles.

CAPITAL FINANCING
This describes the various sources of finance used to pay for capital expenditure. There are various options available and used by the council: capital receipts, capital grants, capital contributions and revenue financing.

CAPITAL PROGRAMME
This is a financial plan of the capital expenditure projects that the organisation intends to carry out over a specified time period.

CAPITAL RECEIPT
This is income resulting from the sale of assets such as land or property. The Government decides what proportion of each capital receipt can be used by the council to finance new capital expenditure. Capital receipts cannot be used to fund revenue expenditure.

CASHFLOW STATEMENT
The financial statement that summarises the council's inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

CIPFA
The Chartered Institute of Public Finance and Accountancy. This is the professional body for accountants working in local government and other public bodies. The Institute provides financial and statistical information services for local government and advises central Government and other bodies on local government and public finance matters.

COLLECTION FUND
A separate statutory fund maintained by district councils (the billing authorities) which records income and expenditure relating to Council Tax and Non Domestic Rates.

COMMUNITY ASSETS
Assets that generally have no determinable useful life, there often being restrictions regarding their sale.

CONSISTENCY
One of the fundamental accounting concepts, it requires accountants to treat similar items of income and expenditure in the same way both within an accounting period and from one accounting period to the next.

CONTINGENT LIABILITY
Potential costs that the organisation may incur in the future because of something that happened in the past.

COUNCIL TAX
A local tax levied on dwellings within the local authority area. The level of taxation is based on the capital value of the property, which is categorised into one of eight bands from A to H, and the number of people living in the dwelling.

CORPORATE AND DEMOCRATIC CORE
Comprises two service divisions:

- Democratic Representation and Management (DRM) – this includes all aspects of member activities including policy making and the representation of local interests.
- Corporate Management (CM) – the activities and costs that provide the infrastructure that allow services to be provided, whether by the council or not and the information required for public accountability.

CREDITOR
The amount of money the organisation owes to others for goods and services that have been received in the accounting period but not yet paid for.

DEBTOR
The amount of money owed to the organisation for goods and services provided in the accounting period but not yet paid for.

DEPRECIATION
A charge made to the revenue account each year that reflects the reduction in value of assets used to deliver services.

EMOLUMENTS
The cash payments or payments in kind an employee is entitled to. Employer pension contributions are not an emolument.

ESTIMATE
Original estimate: the estimate for the new year approved before the start of the financial year, usually at the previous November's price levels.

Revised estimate: the original estimate for the year updated by price changes since it was prepared and by supplementary estimates and virements.

Supplementary estimate: an amount approved by the council to be spent in excess of the original estimate.

FINANCE LEASE
A lease where substantially all of the risks and rewards associated with ownership of an asset, other than transfer of legal title, are transferred from the lessor to the lessee.

FINANCIAL REPORTING STANDARDS
Provide the required accounting treatment and disclosure of transactions so that an organisation's financial statements present fairly the financial position of the organisation.

FINANCIAL REGULATIONS
A formal code of the policy and procedures to be followed in the financial management of the council.

GOVERNMENT GRANTS
Grants made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some Government grants have restrictions on how they may be used, whilst others are general purpose.

HOUSING BENEFITS
Introduced in the Social Security and Housing Benefits Act 1982, this is a system of financial assistance towards the rent and council tax of those in financial need. Costs incurred by councils are partly reimbursed by direct grant from central Government.

IBOXX
The iBoxx bond market indeces are benchmarks for professional use and comprise liquid investment grade bond issues. They enable investors to analyse and select benchmarks that reflect their investment profile. They are used for fixed income research, asset allocation and performance evaluation. Underlying bond prices and indeces are available in real time for Euro and sterling and end of day for US dollars.

IMPAIRMENT
Impairment of an asset is caused by a consumption of economic benefits (e.g. physical damage such as an office fire) or a deterioration in the quality of service provided by the asset (e.g. an industrial unit closing and becoming a storage facility), or by a general fall in prices of that particular asset or class of assets.

INCOME
The money the council receives or expects to receive from any source, including fees, charges, sales, grants and interest.

INCOME AND EXPENDITURE ACCOUNT
This is the council's main revenue account. It records the income received from Council Tax and Business Rate payments, grants and other fees and charges. It also records the expenditure made as services are provided.

INVENTORIES
Items of raw materials and stores that the council has bought to use on a continuing basis but has not yet used, such as consumable stores, wheeled bins and sports equipment for resale.

LIABILITY
The council has a liability that must be included in its financial statements when it owes money to others. There are different types of liability:

- A current liability is a sum of money that will or might be payable during the next accounting period, such as trade creditors or bank overdraft.
- A deferred liability is a sum of money that is not payable until some point after the next accounting period, or is paid over a number of accounting periods.

LIQUID RESOURCES
Resources that the organisation can easily access and use such as cash or investments of less than 365 days.

MATERIALITY
One of the main accounting concepts, it ensures that the statement of accounts includes all the transactions that, if omitted, would lead to a significant distortion of the financial position at the end of the accounting period.

MOVEMENT in RESERVES STATEMENT
This details the movement in the year of all the council's reserves analysed into usable reserves (i.e. those that can be used to fund expenditure or reduce local taxation) and unusable reserves.

NATIONAL NON-DOMESTIC RATES
This is a national scheme for collecting contributions from businesses towards the cost of local government services. Each business property has a rateable value. The Government determines how much a business has to pay per £ of rateable value each year.

NET BOOK VALUE
The amount at which fixed assets are included in the Balance Sheet, it represents historic cost or current value less the cumulative amounts provided for depreciation and impairment.

NON OPERATIONAL ASSETS
Fixed assets held by a local council but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements pending sale or redevelopment.

OPERATING LEASE
A lease where substantially all of the risks and rewards associated with ownership of an asset, including transfer of legal title, are not transferred from the lessor to the lessee. The rentals payable by the lessee are usually over a period of time which is substantially less than the useful economic life of the asset.

OPERATIONAL ASSETS
Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

OUTTURN
Actual income and expenditure.

PRECEPT
The levy made by a precepting authority (County Council, Police Authority, Parish Council) on the billing authority, requiring it to collect income from Council Taxpayers on their behalf.

PROVISION
A sum of money set aside in the accounts for liabilities or losses that are due but where the amount due or the timing of the payment is not know with certainty.

PRUDENCE
One of the fundamental accounting concepts, it ensures the organisation only includes income in its accounts if it is sure it will receive the money.

RATEABLE VALUE
The annual assumed rental value of a property that is used for business purposes.

RELATED PARTIES
Two or more parties are related parties when at any time during the accounting period:

- One party has direct or indirect control of the other party.
- The parties are subject to common control from the same source.
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing its own interest.
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interest.

The council's related parties include:

- Central Government.
- The local authorities, police authority and other bodies that precept or levy demands on the council tax.
- Its members.
- Its chief officers.

For individuals identified as related parties, the following are also assumed to be related parties:

- Members of close family or household.
- Partnerships, companies, trusts or other entities that the individual or a member of close family or household has a controlling interest in.

RELATED PARTY TRANSACTIONS
A related party transaction is the transfer of assets, liabilities or services between the council and its related party, irrespective of whether a charge is made.

Examples of related party transactions include:

- The purchase, sale, lease, rental or hire of assets between related parties

- The provision of a guarantee to a third party in relation to a liability or obligation of a related party
- The provision of services to a related party
- The transactions with individuals who are related parties of the organisation, except those that are also made to other members of the community such as council tax, rents and payment of benefits.

The materiality of related party transactions is judged both in terms of their significant to the council and its related party.

RESERVES
Reserves result from the accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the council's discretion.

RESIDUAL VALUE
This is the net realisable value of an asset at the end of it useful life.

REVENUE EXPENDITURE
Expenditure on the day to day running costs of the council such as wages and salaries, utility costs, repairs and maintenance.

REVENUE EXPENDITURE FUNDED FROM CAPITAL
Expenditure such as home improvement grants or improvements to joint use leisure centres which is classified as capital expenditure for funding purposes but which does not result in the creation of assets for the council.

REVENUE SUPPORT GRANT
An amount of money that central Government makes available to local authorities to provide the services that it is responsible for delivering.

TEMPORARY BORROWING
A sum of money borrowed for a period of less than one year.

WORK IN PROGRESS
The value of work completed or partially completed at the end of the accounting period that should be included in the financial statements.

ANNUAL GOVERNANCE STATEMENT 2014/2015

1. SCOPE OF RESPONSIBILITY

The Forest of Dean District Council is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards;
- public money is safeguarded and properly accounted for;
- public money is used economically, efficiently and effectively; and
- there is a sound system of governance, incorporating the system of internal control.

The Council also has a Best Value duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and including arrangements for the management of risk.

The Council has developed and approved a code of corporate governance, which is consistent with the principles of national best practice as set out in the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government". A copy of the code can be obtained on request. This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (Amendment) (England) Regulations 2011 and, from 1 April 2015 the Accounts and Audit Regulations 2015 in relation to the publication of a statement on annual governance.

In addition to this, CIPFA has issued its "Statement on the Role of the Chief Financial Officer in Local Government (2010)". The Annual Governance Statement reflects compliance of this statement for reporting purposes. The Council's Chief Financial Officer is the Statutory Section 151 Officer (s151 Officer).

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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 the Council's policies, aims and objectives;
- evaluate the likelihood of those risks occurring;
- assess the impact should those risks occur; and
- manage the risks efficiently, effectively and economically.

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

3. THE GOVERNANCE ENVIRONMENT

The key elements of the Council's governance arrangements are outlined in the Local Code of Corporate Governance. The governance framework includes arrangements for:

- identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users;
- reviewing the authority's vision and its implications for the authority's governance arrangements;
- measuring the quality of services for users, ensuring they are delivered in accordance with the authority's objectives and ensuring that they represent the best use of resources;
- defining and documenting the roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on The Role of the Chief Financial Officer in Local Government (2010);
- undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities;
- ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- whistle blowing and for receiving and investigating complaints from the public;
- identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training;
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- incorporating good governance arrangements in respect of partnerships, including shared services and other group working, and reflecting these in the authority's overall governance arrangements.

The main areas of the Council's governance framework and the key evidence of delivery are set out below, under the headings of the six CIPFA/SOLACE principles of governance:

Focusing on the purpose of the authority and on outcomes for the community, and creating and implementing a vision for the local area
• A corporate planning process, including consultation with the community and key stakeholders, on budget priorities to identify and communicate the Council's purpose and intended outcomes for citizens and service users. • An annual service planning process informed by the corporate priorities and objectives (as set out in the annual budget report and the Corporate Plan), legislation and government guidance - which links to individual performance appraisals. • An annual review of the Council's vision and corporate priorities, as part of the budget process. • Performance management to measure the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources.

- A Partnership Protocol guiding the Council in its governance of partnerships and a Partnership Register that is updated annually.
- Annual accounts published on a timely basis to help communicate the Council's financial position and performance.
- An Annual Report published each year, which summarises financial and other performance over the previous financial year and sets out the Corporate Plan for the current year.
- All Cabinet, Committee and Council reports clearly outline their purpose, so the community can understand what is trying to be achieved. Reports also address financial, legal, equalities, risk and sustainability implications to aid understanding of the potential impact of their recommendations.

Members and officers working together to achieve a common purpose with clearly defined functions and roles

- The roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions are defined in the Council's Constitution.
- A clear scheme of delegation for officers is included within the Constitution.
- Defined codes of conduct are included in the Constitution for elected members and Council employees, along with specific codes for dealing with planning and licensing matters.
- The three statutory officers (Head of Paid Service, Monitoring Officer and s151 Officer) regularly meet with other officers in the Corporate Governance Group.
- The Monitoring Officer and s151 Officer report directly to the Head of Paid Service and are members of the Corporate Leadership Team.
- Monthly meetings are held between the Leader, Deputy Leader, Head of Paid Service and Strategic Director to maintain a shared understanding of roles and objectives.
- The Constitution includes a protocol on member/officer relations, to ensure effective communication and work between members and officers.
- The s151 Officer leads the promotion and delivery of good financial management through the Corporate Leadership Team, Performance Management meetings, attendance at Cabinet and Committee meetings and specialist workshops and training for officers and members.
- The Group Manager for Customer Services is the Client officer responsible for the GO Shared Services, ensuring the Council continues to receive good financial, procurement and human resources advice and services. The Group Manager for Customer Services is also the Client officer for Revenues and Benefits, ensuring that the services provided under the s101 agreement with Gloucester City Council are in compliance with the terms agreed.
- The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- A new member code of conduct was adopted by full Council on the 25th June 2012 in accordance with the Localism Act 2011.
- A Standards Committee to oversee the code was set up in May 2014 and independent persons are appointed to work with the Monitoring Officer.
- Internal procedures and monitoring arrangements which ensure compliance with relevant

laws and internal policies.

- A whistle blowers' charter for receiving and investigating complaints from the public and employees, which has been publicised to employees, contractors and the public.
- A highly regarded internal audit service run in partnership with other authorities – the South West Audit Partnership Ltd. (SWAP).
- The financial management of the Council is conducted in accordance with up to date financial procedure rules set out in Part 4 of the Constitution.
- Communication channels with staff include face-to-face staff briefings, a monthly email corporate briefing (copied to members), an intranet site, a staff forum and New Leaf – a staff and member newsletter.

Making informed and transparent decisions which are subject to effective scrutiny and managing risk

- An up to date Constitution, scheme of delegation and supporting written procedures, which clearly define how decisions are taken and the processes and controls required to manage risks.
- An independent Audit Committee, which meets good practice standards and includes one member independent of the Council.
- A Scrutiny function able to constructively challenge decision-makers, including those who work in partnership with the Council.
- All Cabinet, Committee and full Council meetings are open to the public, except where personal or confidential matters are discussed.
- The Council publishes a Forward Plan providing details of key decisions to be made by the Cabinet.
- The Strategic Overview and Scrutiny Committee publishes a work-plan that is reviewed at each Committee meeting.
- The Audit Committee has approved a Risk Management Strategy that identifies how risks are managed.
- Responsible officers are required to maintain operational risk registers and senior officers review the Strategic Risk Register on a quarterly basis. The Strategic Risk Register is reported to the Audit Committee and the Cabinet on a regular basis.
- Any overdue internal audit (SWAP) recommendations with a score of 4 (medium/high priority) or 5 (high priority) are reported to the Audit Committee. The Corporate Governance Group reviews all overdue SWAP recommendations at its meetings.

Developing the capacity and capability of members and officers to be effective

- A comprehensive member training and development programme – including a full induction programme for new members.
- A corporate training programme for employees, and support for continuous professional development. This includes the Learning Gateway, a resource providing access to a range of online courses and tutor-led training.
- Personal Development Appraisals for employees, identifying the development needs in relation to their roles
- An induction programme for all new staff.
- Clear job descriptions and person specifications for all employee roles.

Engaging the local people and other stakeholders to ensure robust public accountability
• A Customer Feedback policy for handling comments, compliments and complaints. • A Communications and Engagement Strategy. • Ensuring clear channels of communication with all sections of the community and other stakeholders. • The ability for members of the public to ask questions at Cabinet meetings, Strategic Overview and Scrutiny Committee meetings and meetings of Full Council. • The Statement of Accounts is published on the website and summary financial information is included in the Council Tax leaflet sent to every household and the Annual Report, explaining the key financial areas to the public.

4. REVIEW OF EFFECTIVENESS

The 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 senior managers, the annual opinion from the South West Audit Partnership (SWAP) Director of Quality (Head of Internal Audit), the officer Corporate Governance Group and also by comments made by the external auditors and other review agencies and inspectorates.

The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:
• Senior managers and team leaders completing managers' assurance statements at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and working effectively and help to identify areas for improvement. • The work of the Corporate Governance Group (CGG), chaired by the Monitoring Officer, particularly monitoring and progressing an annual Governance Action Plan, linked to the key areas of focus in the Annual Governance Statement. Corporate governance updates are a standing item on each Corporate Leadership Team (CLT) meeting. • Corporate Leadership Team (including the s151 Officer and the Monitoring Officer) reviewing the Strategic Risk Register on a quarterly basis and operational risk registers being maintained by each Group Manager. • The SWAP Director of Quality (Head of Internal Audit) providing the Audit Committee, as the Committee charged with Governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements. • The Standards Committee promoting and maintaining high standards of conduct by councillors and co-opted members. • The Monitoring Officer supporting the Constitution Working Group to review elements of the Constitution, ensuring the Constitution is kept up to date. • A full review of the Constitution being undertaken and the revised version adopted by Full Council in December 2014. • The member development programme, led by the Member Development Group, including an induction process for newly elected members. • The s151 Officer ensuring training and awareness sessions are carried out for the Audit Committee. • The external auditors (Grant Thornton) presenting progress reports to the Audit Committee.

- The external auditor's Annual Audit Letter and follow-up of management responses to issues raised in the Letter or other reports – overseen by the Audit Committee.
- Quarterly performance reports, including the Strategic Risk Register and budget position, being presented to the Cabinet and the Scrutiny Sub Committee for Performance and Value for Money, demonstrating performance management against agreed service plans, performance indicators and budgets.
- The Cabinet and the Audit Committee reviewing the Annual Governance Statement.
- Reports on the progress made against the governance action plan (arising from the previous Annual Governance Statement) being presented to the Audit Committee on a quarterly basis.
- The Strategic Overview and Scrutiny Committee addressing any key decisions made by the Cabinet that are 'called-in' by other members before implementation. Pre-decision scrutiny also aids the decision-making process. Four standing Sub Committees of the Strategic Overview and Scrutiny Committee have in place since May 2013.
- The Audit Committee reviewing the Annual Statement of Accounts, the Treasury Management Strategy and reports from both internal audit (SWAP) and external audit (Grant Thornton), including quarterly progress reports.
- Full Council approving the annual budget, reviewing and approving the Treasury Management Strategy, following recommendations from the Cabinet.
- SWAP monitoring the quality and effectiveness of systems of internal control. SWAP audit reports including an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including recommendations for improvement are detailed in an action plan agreed with the relevant service manager. All agreed recommendations being entered on the Council's performance management system to facilitate progress monitoring.
- The SWAP Director of Quality offered 'Reasonable Assurance' in respect of the areas reviewed during the year, as most were found to be adequately controlled with risks generally well managed.
- The Council's Financial Procedure Rules and Contract Procedure Rules being kept under review and revised periodically.
- Other explicit review/assurance mechanisms, such as the annual report from the Local Government Ombudsman and reports from SWAP or Grant Thornton.

5. SIGNIFICANT GOVERNANCE ISSUES

In preparing this statement and reviewing the effectiveness of our governance arrangements we have identified five areas where we need to focus attention and improvement work over the next year. These areas of work are planned to strengthen the control framework and are set out in the table below.

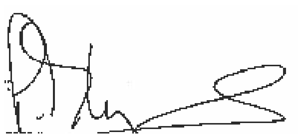
No.	Key Area of Focus	Planned actions
1.	Business continuity and disaster recovery	• Complete and test ICT disaster recovery plan. • Review Corporate and service-level business continuity plans each year to ensure these are kept up to date.

No.	Key Area of Focus	Planned actions
2.	Record keeping and document management	• Review and update paper filing systems and record keeping across the Council to ensure it is fit for purpose, including document retention.
3.	2020 Vision Programme	• Deliver a training programme to both staff and managers as part of managing change. • Continue to develop a commissioning approach, including client function, to monitor contractual terms for cost and performance of contracts and shared service partnerships. • Subject to the Council agreeing to continue with the 2020 Vision Programme: • Restructure senior management in line with 2020 Vision decisions to achieve identified budget savings.
4.	Contracts and Procurement	• Provide refresher training for all staff dealing with contracts and procurement, based on new Procurement Strategy and toolkit to be produced by GOSS. • Provide targeted training for staff on Agresso to maximise use of purchase orders and introduce "No Purchase Order – No Pay" policy. • Improve the published register of contracts in line with data transparency guidelines.
5.	Governance Review	• Review and update all key governance policies and procedures as required.

We propose to address these matters to improve our governance arrangements further over the coming year. A governance action plan to address these key areas of focus will be drawn up and managed by the Corporate Governance Group. The Corporate Governance Group and the Audit Committee will monitor progress regularly. All actions will be assigned to a named officer as part of their 2015/2016 work-plan.

We are satisfied that these steps will address the needs identified in our review of effectiveness and further improve governance arrangements at the Forest of Dean District Council.

Signed on behalf of Forest of Dean District Council



Councillor Patrick Molyneux
Leader of the Council

Date 23rd September 2015

Sue Pangbourne
Head of Paid Service

Date 23rd September 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOREST OF DEAN DISTRICT COUNCIL

We have audited the financial statements of Forest of Dean District Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Forest of Dean District Council as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Section 151 Officer and auditor

As explained more fully in the Statement of the Section 151 Officer Responsibilities, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Section 151 Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the introduction and explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Forest of Dean District Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

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

Matters on which we report by exception

We are required to report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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

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

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

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

Conclusion

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

Certificate

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

Peter Barber
Associate Director

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

29th September 2015