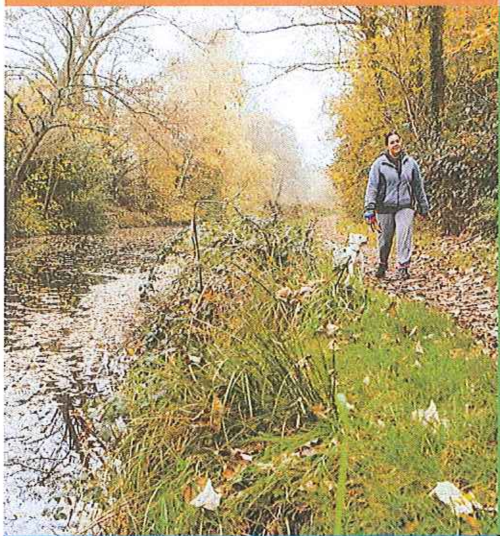
People and Communities

Prosperity



Place

Leadership

Good Value Services

Statement of Accounts and Annual Corporate Governance Statement 2014 - 15

RUSHMOOR
BOROUGH COUNCIL

Explanatory Foreword

During 2014/15, Rushmoor Borough Council has continued its drive towards a sustainable future, developing plans for a workforce fit for the future, continuing its improvement and efficiency work using System Thinking principles and continuing to deliver high quality services to its residents while seeking to reduce costs.

The Council is in a sound financial position and has a change programme linked to the sustainability of the organisation with plans to address the challenges to be faced in 2015/16 and beyond.

The explanatory foreword that accompanies the Statement of Accounts is designed to provide an overall explanation of the Council's financial position, during 2014/15 and looking ahead, including information about the operation of the Council and the major influences affecting its accounts.

The aim of the foreword is to assist readers in their understanding and interpretation of the accounting statements, in order to provide confidence that public money has been properly accounted for and that the financial standing of the Council is secure.

The Explanatory Foreword contains the following key sections:

1. An introduction to Rushmoor
2. Key facts about the Council
3. A summary of the 2014/15 financial performance of the Council
4. Explanation of the Financial Statements

An introduction to Rushmoor

The Borough of Rushmoor, with an estimated population of around 95,300, covers an area of 3,905 hectares at the Northeast corner of Hampshire, with its eastern boundary with Surrey being formed by the River Blackwater. London is some thirty miles away and the Borough is served by direct road and rail links to the capital and the south coast.

Rushmoor includes the towns of Aldershot, with its world famous military history and Farnborough, long noted as the birthplace of aeronautical research and development and served by Farnborough Airport. The urban area extends the full length of the Borough from the southern boundary with Farnham to the towns of Frimley and Camberley across the River Blackwater in the north. The military area and Farnborough Airport occupy the land between Aldershot and Farnborough and to the west of those towns, although work has now commenced on Wellesley, a major redevelopment of an area of former Ministry of Defence land north of Aldershot, which will see an additional 3,850 properties over the next fifteen years.

Key facts about Rushmoor Borough Council

Rushmoor Borough Council is a complex organisation providing a wide variety of services to the public, from regulatory services including licensing, planning and building control, to universal services such as waste collection and recycling and welfare services such as housing needs and the administration of housing benefits. Behind these frontline services, are all of the support functions that enable the services to happen, such as finance, IT and legal services as well as our customer services staff that look after the customers visiting and contacting the Council. These are just a few services among the many provided by a Council employing around 300 members of staff.

The Council's policies are directed by its political leadership and implemented by the Directors' Management Board, Heads of Service and other officers of the Council.

- **The Political Structure of the Council in the 2014/15 Municipal Year**

Rushmoor has 13 wards and the Council consists of 39 elected Members. Following the local elections on 22nd May 2014, the political make-up of the Council was:

Conservative Party	24 Councillors
Labour Party	12 Councillors
UKIP	3 Councillors

The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The requirements of the Act are such that the Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive Functions.

- **The Management Structure of the Council**

Supporting the work of elected Members is the organisational structure of the Council headed by the Chief Executive as the Head of Paid Service. The Directors' Management Board (DMB), consisting of the Chief Executive and two Directors, considers and co-ordinates the management and future plans of the Council, providing operational leadership and support to elected Members alongside the delivery of Council services.

The Head of Financial Services and Chief Financial Officer is able to attend all meetings of DMB, as is the Solicitor to the Council as Monitoring Officer. This ensures that these key statutory roles have on-going access to the most senior level of the Council.

During 2014/15, the Chief Executive and Directors were each responsible for a range of services led by Heads of Service (other than Personnel and Audit who reported directly to the Chief Executive and Director of Resources respectively rather than through a Head of Service). The three directorates are set out below:

Chief Executive	Resources	Community and Environment
Democratic Services Legal Services Strategy and Communications Personnel Services	Audit Customer Services Financial Services IT Services	Community Environmental Health and Housing Planning Services

On 31st March 2015, the Cabinet considered and approved a report amending the Council's structure, creating Corporate Directors, leading on cross-cutting themes, rather than individual services, and reducing the number of Heads of Service from nine to eight. Individual services and activities were realigned more efficiently, bringing together work that had previously been split across services and some additional resources were proposed to deliver new priorities.

- **The Corporate Plan**

One of the key strategic documents that frame the actions of the Council is the Council's Corporate Plan. This document exists to help elected Members, staff and partners work together to deliver the vision for Rushmoor. It sets out our priorities – what we are doing and why.

The Corporate Plan is divided into five priority themes:

People and Communities	Prosperity	Place	Leadership	Good Value Services

These themes support our overall purpose to work with others to improve the quality of people's lives.

- **Key issues that influenced the Council and its financial position in 2014/15**

The PESTLE analysis shown below highlights some of the key issues influencing the Council in 2014/15.

Political

- Impact of continuing central government austerity measures leading to reductions in central government funding for local government.
- Welfare Reform Act: The Council has been putting measures in place to respond to the Welfare Reform Act while continuing to support its most vulnerable residents.
- Preparing for the General Election May 2015

Economic

- Regeneration: The Council continued with its town centre regeneration plans for Aldershot and Farnborough.
- Economy: The impact of the economy has been felt via the austerity measures referred to above in addition to pressure on income streams as residents' income is squeezed and low interest rates impact on the Council's investments.
- Pressure on partners: local voluntary sector organisations have been under increasing demand pressure from residents.

Social

- Demographic changes: Rushmoor faces both an ageing population and a pressure on school places.
- Community and Social Cohesion: Remains a high priority for Rushmoor, with delivery of its Cohesion Strategy and Neighbourhood renewal plans high on the agenda.
- Rushmoor increased its role locally on the Supporting Families Initiative.

Technological

- Rushmoor has been responding to a number of technological challenges such as developing new ways of working including remote or flexible working for staff, the accessibility of services for customers and the impact of social media. In 2014/15, work continued on the Channel Shift programme, developing more efficient ways to interact with our customers.

Legal

- Local Audit and accountability Act: including measures to replace the Audit Commission with a new local audit framework and extensions to the Council Tax Referendum provisions.

- Welfare Reform Act

Environmental

- The shortage of Suitable Alternative Natural Green Space (SANGS) has begun to impact on housing supply.

- The Wellesley development in Aldershot commenced

- Planning and Health and Safety regulations were relaxed.

- The Council's response to extreme weather conditions was tested.

This analysis is updated on an on-going basis as a tool to review the major factors influencing the Council. Factors influencing 2015/16 and beyond include the on-going reductions in central government funding, the effects of demographic change, local skills and educational attainment, and welfare reform. We will also be preparing for the Cities and Local Government Devolution Bill 2015/16 and publication of the updated Indices of Deprivation, including the Index of Multiple Deprivation (IMD) in September 2015.

- **The Medium Term Financial Strategy**

The Council has a rigorous budget process, setting itself a budget that incorporates the Council's priorities and objectives over the medium term and producing a Financial Strategy, a Medium Term Financial Forecast, detailed budget reports which are approved by Full Council each year and the annual budget book. The Financial Strategy sets out the framework for the production of the Medium Term Financial Forecast and the annual budget. It is reviewed and updated in response to internal and external factors such as changing corporate priorities, prevailing economic conditions, government policy and changes to funding mechanisms. The Strategy underpins the Corporate Plan and provides the basis for delivering a stable and sustainable financial position to enable the Council to achieve its strategic objectives.

Given the uncertain (although improving) economic climate, major government policy changes and changes to the funding mechanisms for local government, the financial position of the Council is potentially more volatile and subject to greater risk than in the past. The austerity measures introduced by central government to tackle the national budget deficit have impacted heavily on local government and are likely to continue for some time. The economic climate also affects the levels of income from services such as planning, parking, land charges and building control, which are factored into the medium term forecast. Other areas affected would be interest receipts given the low level of current interest rates. This has been mitigated in part in 2014/15 by greater diversification in our investment portfolio.

One of the key elements of the Financial Strategy has been the Council's approach to reserves. The strategy allows reserves to be set aside to mitigate against specific, known risks and against unexpected fluctuations in the Council's income streams. For example, in 2012/13, a new Stability and Resilience Reserve was created to enable the Council to weather sudden downturns in its income, which might arise through the operation of the new Business Rates Retention Scheme or due to general economic pressures on income. Reserves are also set aside to support major projects within the Corporate Plan, which support delivery of the Council's strategic objectives as well as invest-to-save schemes. The level of balances for the Council's general revenue fund has been set at a range of £1million - £2 million. Together the balances and reserves provide an appropriate buffer against the risks facing local government generally and Rushmoor locally.

The Financial Strategy also sits as part of the Council's 8-point plan towards sustainability as set out below:

- The Workbook – looking at priorities and reviewing what we do
- Efficiency and Transformation - doing things smarter - looking at how we do things to reduce costs
- Income generation and investment opportunities
- Better use of property and assets
- Reviewing our Medium Term Financial Strategy
- Reviewing our organisational structure
- Better procurement
- Effective taxation policies

The plan was reviewed and updated in 2014/15, ensuring its continued relevance, while governance of the programme was improved with the addition of targets and accountability for each work-stream and the development of an improved system of monitoring.

Alongside this, sits the Council's Organisational Development Programme, which strives to create a workforce 'fit for the future', recognising that sustainability is as much about our staff and the way we work as it is about our financial position.

- **The Capital Programme 2014/15 to 2017/18**

The Capital Programme was approved at the Council meeting of 20th February 2014 and reflected a medium term view of capital expenditure and funding covering the period 2014/15 to 2017/18. As 2014/15 progressed, the estimates for the year were revised in line with new assumptions and information as it became available and for new projects approved during the year.

The Capital Programme for 2014/15 reflected the Council's priorities and its 8-point plan including:

- Invest to save schemes such as investment in energy efficiency schemes and property investment schemes, which will generate additional income streams for the Council.

- Investment in local amenities such as football pitches and playgrounds, mainly funded by developers' contributions

- Continued investment in our town centres with support to the development of the cinema complex in Kingsmead, Farnborough and the redevelopment of Queensmead, Farnborough. Works planned for 2015/16 and beyond include major investment in Aldershot town centre and the links to the new Wellesley development – a £4.5m project including £3m of external funding.

The table below shows the original approved capital programme for 2014/15 and the indicative programme for 2015/16 to 2017/18.

Capital Expenditure	**Revised Estimate 2014/15 £000**	**Estimate 2015/16 £000**	**Estimate 2016/17 £000**	**Estimate 2017/18 £000**
Corporate Services	440	642	265	240
Leisure and Youth	671	868	50	50
Environment	1,909	4,948	240	1,125
Health and Housing	1,522	924	771	720
Total Expenditure	**4,542**	**7,382**	**1,326**	**2,135**

Funded by:	Revised Estimate 2014/15 £000	Estimate 2015/16 £000	Estimate 2016/17 £000	Estimate 2017/18 £000
Revenue Contributions	700	750	800	850
Grants/Contributions from other bodies	632	3,716	437	437
Developers' Contributions	408	364	0	0
Capital Receipts	2,802	2,552	89	848
Total Funding	**4,542**	**7,382**	**1,326**	**2,135**

A summary of the 2014/15 financial performance of the Council

- **Revenue Outturn Position**

The Council's summary revenue outturn position is shown overleaf. The initial budget for 2014/15, approved by Council on 20th February 2014, forecast net revenue expenditure of £10 million funded by £5.4 million from Council Tax and £4.6 million from Central Government in the form of Revenue Support Grant and income under the revised system for distributing Business Rates. This allowed for a 0.0% increase in Council Tax, the inclusion of a Council Tax Freeze Grant of £0.06 million from Central Government and committed or inescapable additional items of £0.031 million. The budget also included expected savings, through cost reduction or income generation, of £0.5 million. This resulted in estimated general fund revenue balances of £1.5 million, which was the mid-point of the approved range for balances of £1 million to £2 million.

During 2014/15, a significant range of savings and improved income streams was achieved despite factors such as the prevailing economic conditions and reduced interest receipts due to continuing low interest rates. These savings were incorporated into the 2014/15 Revised Budget, approved by the Council on 26th February 2015 and increased the expected revenue balance to £1.6 million.

The provisional outturn for 2014/15, reported to Cabinet 2nd June 2015, showed an improvement on this position with further savings and efficiencies being achieved, due to the continued restraint in spending exercised by Heads of Service and additional income generated in the latter part of the year.

£585,000 from the Stability and Resilience Reserve was used to support a downturn in car parking income due to the termination of two town-centre car park leases. This reserve, which is held against fluctuations in the Council's finances, allows the Council flexibility to implement key projects in the Corporate plan and 8-point plan to achieve long term savings, rather than taking short term measures in reaction to the sometimes volatile nature of local government income and funding. £224,000 of the Service Improvement Fund was used to support projects such as channel shift, organisational development and major contract renewal in support of a sustainable financial future.

General Fund balances were estimated to rise to £1.98 million.

Subsequent adjustments were made to the outturn position due to the operation of the Business Rates Retention Scheme. The original budget for 2014/15 assumed that the Council's income from business rates would fall below the minimum funding level set by central government and the Council would therefore be in receipt of a safety net grant to bring its income back up to a threshold level. Income from business rates improved during the year, with the final position being significantly affected by the restrictions announced in the Chancellor's Autumn Statement in December 2014, to the back-dating of

appeals against business rate values. This meant that the Council could reduce the sums it held to repay successful appeals, which boosted the income declared for the year.
This took the Council above the safety net position referred to earlier and into a position of growth against the funding baseline. The Council is only allowed to keep 50% of growth and is required to pay the remainder as a levy to central government. The payment of the levy has to be reflected in the year to which it relates (2014/15) while the additional income from business rates can only be shown as part of the surplus declared in the following year (2015/16). This has meant that despite the position improving overall, the 2014/15 accounts had to allow for the significant additional expenditure (levy payment). There were also changes to the deficit figure forecast for 2013/14 and declared in 2014/15, when compared to the final position for 2013/14. Again, because the position had improved, the safety net grant due for 2013/14 was lower than estimated.

In order to maintain general fund balances at a reasonable level, the stability and resilience reserve was used to offset part of this expenditure and the Council's revenue contributions towards capital expenditure were also reduced. It is expected that both of these transactions will be reversed in 2015/16, by redistributing the additional business rates surplus. After the adjustments in respect of business rates and the consequent changes to reserves and contributions, the general fund balances were maintained at £1.6m, in line with the revised budget.

Revenue Outturn Summary	**Revised 2014/15 £000**	**Outturn 2014/15 £000**	**Variance £000**
Net Service Expenditure	13,050	11,599	(1,451)
Corporate Income and Expenditure	(574)	3,765	4,339
Contributions to/(from) Reserve accounts	(415)	(5,516)	(5,101)
Central Government Funding	(6,140)	(3,927)	2,213
Contribution to/(from) balances	(484)	(484)	-
Council Tax Requirement	**5,437**	**5,437**	-
Revenue Balances			
1 April 2014	2,122	2,122	
General Fund Transfer	(484)	(484)	
31 March 2015	**1,638**	**1,638**	

The table above does not correspond directly to any of the core statements presented in the Statement of Accounts 2014/15. This is because it contains a combination of figures from both the Comprehensive Income & Expenditure Statement and the Movement in Reserves, while omitting other figures that appear in those statements. The summary presented above is based on the format that is used to present the revenue budget to Members and its aim is to show the effect of the year's transactions on the General Fund Balance. Accounting transactions for items such as Pension Accounting, Capital charges and Employees Benefit adjustments for example, which are all adjusted for elsewhere in the core statements, are not included here, as they have no direct impact on the level of general fund reserves.

- **Capital Outturn Position**

The Council spent £2.2 million on its capital programme in 2014/15, which is shown in the following table. The funding for the programme is also set out, showing that just over half of the programme was funded from internal resources while the remainder was funded from grants and contributions, with no requirement for external borrowing.

Capital Outturn Summary	Revised 2014/15 £000	Outturn 2014/15 £000	Variance £000
Capital Expenditure:			
Property, Plant and Equipment	2,810	1,032	(1,778)
Intangible Assets	210	299	89
Grants to Registered Social Landlords	622	285	(337)
Improvement Grants	900	586	(314)
Total Capital Expenditure	**4,542**	**2,202**	**(2,340)**
Funded by:			
Capital Receipts	2,802	1,101	(1,701)
Government Grants and other contributions	1,040	810	(230)
Direct revenue contributions	700	291	(409)
Total Funding	**4,542**	**2,202**	**(2,340)**

As can be seen from above there was a variation between forecast and final capital outturn. The majority of this expenditure will be re-profiled into 2015/16 together with its financing. This slippage has occurred for reasons such as poor weather preventing work from being undertaken as scheduled.

Explanation of the Financial Statements

Rushmoor Borough Council's Statement of Accounts for the year ended 31st March 2015 is set out on the following pages. The Statement has been prepared in accordance with requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). The style and format is similar to that of previous years while the content has been reviewed in line with our aim to remove clutter from the accounts.

The Statement of Accounts consists of the following core financial statements and accompanying notes:

- **The Movement in Reserves Statement** summarises the changes in balances on the Council's reserves in the year. Reserves are classified as either usable or unusable. Usable reserves include the unallocated General Fund Balance, Earmarked Revenue Reserves and the Capital Receipts Reserve. These are the reserves that the Council can apply to future expenditure subject to statutory conditions (e.g. the Capital Receipts Reserve can only be used to finance capital expenditure). Unusable reserves such as the Capital Adjustment Account and Revaluation Reserve generally reflect the timing differences between the purchase and the consumption of the economic benefits of assets.

- **The Comprehensive Income and Expenditure Statement** combines the former Income and Expenditure Account and the Statement of Total Recognised Gains and Losses. This statement shows all income and expenditure incurred by the Council throughout the year; including day-to-day transactions from running the organisation as well as gains / losses on assets and pension liabilities. The total comprehensive income and expenditure shown represents the total movement in the Council's reserves during the year.

- **The Balance Sheet** shows the financial position of the Council as at 31st March 2015. It discloses the assets and liabilities for all Council services.

- **The Cash Flow Statement** summarises the Council's cash transactions for the year.

Also included in the Statement of Accounts is the following supplementary financial statement and accompanying notes:

- **The Collection Fund Statement** which is a statutory fund maintained by a Billing Authority summarising local taxes and non-domestic rates collected by the Council, along with payments to Precepting Authorities, Central Government and its own General Fund.

The Statement of Accounts has been audited and the independent Auditor's Report, including the Audit Opinion, is included in this document.

The Council is required to ensure that its financial management is adequate and effective and that there is a sound system of internal controls including arrangement for the management of risk. The Annual Governance Statement, approved following the annual review of this system of internal control, has been included in this document, in addition to the Statement of Accounts.

Accounting Policies

The Council's accounting policies are laid out in Note 1 to the Core Financial Statements. A number of these policies were revised in 2010/11, and again in 2011/12, following the introduction of International Financial Reporting Standards, which aimed to deliver the benefits of consistency and comparability between financial reports in the global economy and to follow private sector best practice. Elected Members approved changes to the application of two accounting policies for 2013/14 - International Accounting Standard (IAS) 19 – Employee Benefits and IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. There were no changes to accounting policies for 2014/15 or any major changes in statutory functions during the year.

Significant items of income or expenditure

While there have been no material assets acquired by the Council during 2014/15, or any significant new liabilities incurred, there are some large items of income and expenditure to be brought to the attention of the reader of the accounts.

<u>Impairment of Assets</u>

The Council has again sought the advice of its Valuer as well as employing an external company of Chartered Surveyors for the valuation of individual capital assets and groups of capital assets. As part of this review, impairment losses of £1.26 million were identified. Of this figure, £0.02 million was offset against previous revaluation gains for the individual assets and £1.24 million was charged directly to the relevant service revenue accounts. This principally arises from a change in valuation assumptions relating to Devereux House and Southwood Golf Course. The impairment does not affect the revenue position of the Council as the loss affects the 'book value' of the buildings only.

<u>Business Rates Retention Scheme</u>

Significant new items of income and expenditure were brought into the accounts following the introduction of the Business Rates Retention Scheme in 2013/14. In previous years, the Council simply received an allocation from central government of the total business rates collected in England, similar to the way it receives Revenue Support Grant. Under the new scheme, our share of estimated rates income for 2014/15 was around £15.9 million, against which we pay a tariff to central government of £14.9 million. We also initially expected a small safety net grant of £0.4 million. As with the Council Tax Collection Fund, any difference in actual collection from these budgeted figures produces a surplus or deficit, which is declared in the following financial year. The expected surplus of £4.5 million took the Council's rates income above its minimum funding level, causing a levy of £1.6 million to be payable on this growth. This has in turn impacted on reserves set aside to manage such fluctuations, as can be seen by large movements in the Business Rates Retention Reserve and the Stability and Resilience Reserve. The Business Rates Retention Reserve was set up in 2013/14 to hold the £3.4 million safety net payment due for 2013/14 so that it could be offset against the £3.9 million deficit declared in 2014/15.

Further information about the statements is available from the Head of Financial Services, Council Offices, Farnborough Road, Farnborough, Hampshire GU14 7JU. The statements are also available on the Council's website – www.rushmoor.gov.uk

Amanda Fahey
Head of Financial Services and Chief Financial Officer

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Financial Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

S. J. Masterson

Councillor Stephen Masterson

Vice Chairman of the Licensing and General Purposes Committee

Date: 28th September 2015

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practice as set out in the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

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

The Chief Financial 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.

I certify that the Statement of Accounts gives a true and fair view of the financial position of Rushmoor Borough Council and of its expenditure and income for the year ended 31st March 2015.

Amanda Fahey

Head of Financial Services (Chief Financial Officer)

Date: 28th September 2015

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 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. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Useable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance 1st April 2013	2,365	5,994	22,480	25	**30,864**	15,566	**46,430**
<u>Movement in reserves during 2013/14</u>							
Surplus or (deficit) on the provision of services	206	0	0	0	**206**	0	**206**
Other Comprehensive Income and Expenditure	0	0	0	0	**0**	14,484	**14,484**
Total Comprehensive Income and Expenditure	206	0	0	0	**206**	14,484	**14,690**
Adjustments between accounting basis and funding basis under regulations (Note 6)	3,073	0	(1,931)	37	**1,179**	(1,179)	**0**
Net Increase/(Decrease) before Transfers to Earmarked Reserves	3,279	0	(1,931)	37	**1,385**	13,305	**14,690**
Transfers (to)/from Earmarked Reserves (Note 7)	(3,522)	3,522	0	0	**0**	0	**0**
Increase/(Decrease) in 2013/14	(243)	3,522	(1,931)	37	**1,385**	13,305	**14,690**
Balance at 31st March 2014 carried forward	2,122	9,516	20,549	62	**32,249**	28,871	**61,120**
<u>Movement in reserves during 2014/15</u>							
Surplus or (deficit) on the provision of services	(2,081)	0	0	0	**(2,081)**	0	**(2,081)**
Other Comprehensive Income and Expenditure	0	0	0	0	**0**	(502)	**(502)**
Total Comprehensive Income and Expenditure	(2,081)	0	0	0	**(2,081)**	(502)	**(2,583)**
Adjustments between accounting basis and funding basis under regulations (Note 6)	(4,308)	0	(941)	0	**(5,249)**	5,249	**0**
Net Increase/(Decrease) before Transfers to Earmarked Reserves	(6,389)	0	(941)	0	**(7,330)**	4,747	**(2,583)**
Transfers (to)/from Earmarked Reserves (Note 7)	5,905	(5,905)	0	0	**0**	0	**0**
Increase/(Decrease) in 2014/15	(484)	(5,905)	(941)	0	**(7,330)**	4,747	**(2,583)**
Balance at 31st March 2015 carried forward	**1,638**	**3,611**	**19,608**	**62**	**24,919**	**33,618**	**58,537**

Comprehensive Income and Expenditure Statement

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

2013/14 Gross Expenditure £000	2013/14 Gross Income £000	2013/14 Net Expenditure £000		2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000
2,683	(738)	1,945	Central Services to the Public	2,615	(721)	1,894
6,104	(1,887)	4,217	Cultural and Related Services	5,587	(1,572)	4,015
7,814	(2,630)	5,184	Environmental and Regulatory Services	7,276	(2,587)	4,689
0	0	0	Public Health	32	(52)	(20)
3,735	(831)	2,904	Planning Services	2,764	(1,043)	1,721
3,058	(3,762)	(704)	Highways and Transport Services	3,239	(3,378)	(139)
39,873	(37,931)	1,942	Other Housing Services	40,970	(38,993)	1,977
14	(1)	13	Adult Social Care	13	0	13
1,477	(15)	1,462	Corporate & Democratic Core	1,468	(13)	1,455
29	0	29	Non Distributed Cost	3	0	3
64,787	**(47,795)**	**16,992**	**Cost of Services**	**63,967**	**(48,359)**	**15,608**
265	(299)	(34)	Other operating expenditure (Note 8)	1	(27)	(26)
3,613	(8,366)	(4,753)	Financing and investment income and expenditure (Note 9)	3,084	(2,799)	285
18,536	(30,947)	(12,411)	Taxation and non-specific grant income and expenditure (Note 10)	16,664	(30,450)	(13,786)
87,201	**(87,407)**	**(206)**	**(Surplus) or Deficit on Provision of Services**	**83,716**	**(81,635)**	**2,081**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services			
		94	(Surplus) or deficit on revaluation of Property, Plant and Equipment (Note 23)			(3,597)
		(14,570)	Remeasurement of the net defined benefit liability/(asset) (Note 23)			4,420
		(14,476)				**823**
			Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services			
		(8)	(Surplus) or deficit on revaluation of available for sale financial assets (Note 23)			(321)
		(8)				**(321)**
		(14,484)	**Other Comprehensive Income and Expenditure**			**502**
		(14,690)	**Total Comprehensive Income and Expenditure**			**2,583**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2014 £000		Notes	31 March 2015 £000
45,922	Property, Plant and Equipment	11	47,263
258	Heritage Assets	12	258
26,187	Investment Property	13	26,300
561	Intangible Assets	15	670
15,011	Long Term Investments	16	22,441
102	Long Term Debtors	16	132
88,041	**Long Term Assets**		**97,064**
14,569	Short Term Investments	16	17,191
3	Inventories		3
7,353	Short Term Debtors	17	4,878
5,111	Cash and Cash Equivalents	18	8,196
27,036	**Current Assets**		**30,268**
1,062	Cash and Cash Equivalents	18	738
6,764	Short Term Creditors	19	19,070
0	Short Term Provisions	20	0
7,826	**Current Liabilities**		**19,808**
4,687	Long Term Provisions	20	1,761
40,108	Other Long Term Liabilities	21	45,726
1,336	Capital Grants Receipts in Advance	33	1,500
46,131	**Long Term Liabilities**		**48,987**
61,120	**Net Assets**		**58,537**
32,249	Usable Reserves	22	24,919
28,871	Unusable Reserves	23	33,618
61,120	**Total Reserves**		**58,537**

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

2013/14 £000		2014/15 £000
206	Net surplus or (deficit) on the provision of services	(2,081)
3,154	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 24)	17,177
(320)	Adjustments for items that are included in the net surplus or deficit on the provision of services that are investing or financing activities (Note 25)	(198)
3,040	Net cash flows from Operating Activities	14,898
(12,344)	Investing Activities (Note 27)	(11,893)
932	Financing Activities (Note 28)	404
(8,372)	Net increase or decrease in cash and cash equivalents	3,409
12,421	Cash and cash equivalents at the beginning of the reporting period	4,049
4,049	**Cash and cash equivalents at the end of the reporting period**	**7,458**

The Council's cash flow statement has been compiled using the indirect method whereby the statement is prepared using the Surplus or Deficit on the Provision of Services and cash flows are derived by adjusting for non-cash items, removing the effect of accruals and extracting transactions relating to investing or financing activities.

Notes to the Accounts

1. Accounting Policies

i. 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 31st March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which require that it is prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Council Accounting in the United Kingdom 2014/15* and the *Service Reporting Code of Practice 2014/15*, supported by International Financial Reporting Standards (IFRS) and statutory guidance.

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

ii. Accruals of Income and Expenditure

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

- revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- expenses in relation to services received, including services provided by employees, are recorded as expenditure when the services are received rather than when payments are made.
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. 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 one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

iv. 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.

v. 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.

vi. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations.

vii. 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 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 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 rate 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 and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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 in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

The Council participates in the Local Government Pensions Scheme, administered by Hampshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

The liabilities of the Hampshire County Council pension fund 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. The assets of Hampshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value.

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- net interest cost on the net defined benefit liability (asset) - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Hampshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

viii. Events After the Reporting Period

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

Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts 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 effect.

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

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

As the Council is debt-free, there is no requirement for borrowing other than in the short- term for cash flow purposes. During 2014/15, no short-term borrowing took place and therefore the only financial liabilities were trade creditors that occur in the normal course of business and a liability arising from an embedded lease in the Council's contract for Waste, Recycling and Grounds Maintenance. The amount presented in the balance sheet in respect of the embedded finance lease is the outstanding principal repayable. Interest payable in the year is calculated and charged to the Comprehensive Income and Expenditure Statement. Financial liabilities entered into with a duration of less than 12 months, such as trade creditors, are recognised at their nominal value.

Financial Assets

Financial assets are classified into two types:

(i) loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

(ii) available for sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

Loans and Receivables

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

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

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

The Council holds a number of short-term investments and long-term deposits with Banks and Other Local Authorities, which are classified as loans and receivables, along with cash and cash equivalents, loans to organisations and trade debtors occurring in the normal course of business. Trade and other receivables with duration of less than 12 months are recognised at their nominal value.

Available for Sale Assets

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

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

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

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

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

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

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

x. Foreign Currency Translation

Where the Authority 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 at 31st March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xi. Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (specific revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-specific 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.

xii. Heritage Assets

The Council's heritage assets largely comprise items of civic regalia as well as a memorial and a statue. They are all held in support of their primary objective of contributing to knowledge and culture and appreciation of the Council's history and local area.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment and are therefore subject to the de-minimus capitalisation threshold of £10,000. However, some of the measurement rules are relaxed in relation to heritage assets, as detailed below.

The Council's collections of heritage assets are accounted for as follows:-

- **Civic Regalia**

The items are subject to regular valuation for insurance purposes and the last valuation took place in March 2012. The valuation was carried out by Catherine Hockley BA (Hons) R J Dip – from Andrew Smith & Son, Fine Art Auctioneers & Valuers.

Items are reported in the Balance Sheet at insurance valuation, which is based on market values. The items are deemed to have indefinite useful lives and consequently the Council does not consider it appropriate to charge depreciation.

Some items of civic regalia are on public display behind secure cabinets. Other items are only on public display at certain events.

- **Memorials and Statues**

No information is available on cost or value in respect of these items. As the values of these assets are not likely to be material, and it is not practical to obtain a valuation at a cost commensurate with the benefits to users, it is considered that these assets are not recognised in the Council's Balance Sheet but are disclosed as a note to the accounts.

Memorials and statues are on public display.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

Acquisitions and donations are rare. Where they do occur, acquisitions are recognised at cost and donations are recognised at valuation ascertained in accordance with the Council's policy on valuation of heritage assets.

The proceeds of any disposals are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes in the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

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

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 line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xiv. Inventories
Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

xv. 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 arms-length. The 2014/15 external valuation report on all the investment properties and a selection of the other assets was prepared by GSC Harbord MA MRICS IRRV (Hons) RICS Registered Valuer of Wilks Head & Eve LLP.

Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xvi. 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 the 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.

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

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

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, 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.

A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve.

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to either the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement or the relevant service line in the net cost of services. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xviii. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014/15* (SERCOP).

Support services represent the cost of individual services provided within the Council to the organisation as a whole, such as Information Technology, Financial Services and Personnel. They are charged out to direct services by way of Service Level Agreements (SLAs) that are negotiated between departments that are responsible for delivering and using support services.

All costs of management and administration are allocated to Direct Services, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on non-operational properties.

These two cost categories are defined in the *Service Reporting Code of Practice 2013/14* and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xix. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that have an expected useful life of more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably (subject to a de minimus capitalisation threshold of £10,000). Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement
Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

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

Assets are 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, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service. 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.

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 impairment losses are identified, they are accounted for by:

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

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

Depreciation
Depreciation is provided for on all material Property, Plant and Equipment by the systematic allocation of their depreciable amounts over their useful lives.

An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the remaining useful life of the property as estimated by the valuer

- vehicles, plant and equipment – straight-line allocation over the remaining useful life of the asset.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Componentisation is considered where the carrying value of the asset is greater than £500,000 and the value of the component is at least 20% of the carrying value.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are 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 the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Capital receipts are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xx. Provisions and Contingent Liabilities

Provisions

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

Provisions are charged as an expense to the appropriate service or Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

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

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

xxi. Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant notes.

xxii. Revenue Expenditure Funded from Capital under Statute

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

xxiii. VAT

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

2. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code. There would have been no material changes if these had been adopted for the financial year 2014/15.

IFRS 13 Fair Value Measurement. This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions).The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts, due to the low value of surplus assets held by the Council.

IFRIC 21 Levies. This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.

Annual Improvements to IFRSs (2011 – 2013 Cycle). These improvements are minor, principally providing clarification and will not have a material impact on the Statement of Accounts.

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- <u>Future Funding for Local Government</u>. There is an element of risk about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. In addition, as mentioned in the Explanatory Foreword, the Council has made judgements about the adequacy of its balances and has also put in place processes to achieve savings that will mitigate or counteract any future changes in its levels of funding or other income.
- <u>Asset Classifications</u>. The Council has made judgements on whether assets are classified as Investment Property or Property, Plant and Equipment. These judgements are based on an understanding of the main purpose that the Council is holding the asset. If the asset is used in delivering services, or is occupied by third parties who are subsidised by the Council, the asset is deemed to be Property, Plant and Equipment. If the asset is used solely to earn rentals and/or for capital appreciation then it is classified as an Investment Property.
- <u>Lease Classification.</u> The Council has made judgments on whether its lease arrangements are operating leases or finance leases. These judgements are based on a series of tests to assess whether the risks and rewards of ownership have been transferred from the lessor to the lessee. The accounting treatment for operating and finance leases is significantly different.
- <u>Contractual Arrangements</u>. The Council has made judgements on whether its contractual arrangements contain embedded leases i.e. arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment where fulfilment of the arrangement is dependent on the use of specific assets.
- <u>Potential Liabilities</u>. The Council has made judgements about the likelihood of potential liabilities and whether a provision should be made. The judgements are based on the degree of certainty and an assessment of the likely impact.
- <u>Bad or Doubtful Debts</u>. The Council has made judgements about the level of bad or doubtful debts and the level of provision that it may need to provide for. These judgements are based on historical experience of debtor defaults and current economic conditions.

- Business Rate Appeals. The Council has made judgements about the number of successful appeals under the Business Rates Retention Scheme. These judgements are based upon the pattern of appeals from the 2005 and 2010 rating lists.

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

The financial statements contain some estimated figures that are based on assumptions made by the County 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 complete certainty, actual results could be different from the assumptions and estimates made.

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	At 31st March 2015, the net Pensions Liability was £45.7 million. 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 be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured (the impact of changes in assumptions are outlined in note 39). For example, a 0.1% increase in the discount rate assumption would result in a reduction of £60k on the projected service cost (£1.97 million compared to £2.03 million). However, the assumptions interact in complex ways. During 2014/15, the Council's actuaries advised that the net pensions liability for funded LGPS benefits had increased by £11.4 million due to changes in financial assumptions. Many of the financial assumptions are linked to current market conditions.

5. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Financial Services on the 28th September 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 31st March 2015, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

6. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2013/14	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	Usable Reserves			Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account :				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets (Property, Plant and Equipment)	1,963			(1,963)
Revaluation losses on Property, Plant and Equipment	759			(759)
Movements in the market value of Investment Property	(5,261)			5,261
Amortisation of Intangible Assets	204			(204)
Capital grants and contributions applied	(1,259)			1,259
Revenue expenditure funded from capital under statute	1,729			(1,729)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	133			(133)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(288)			288
Capital expenditure charged against the General Fund	(650)			650
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(37)		37	
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(278)	278		
Use of the Capital Receipts Reserve to finance new capital expenditure		(2,211)		2,211
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		2		(2)
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 39)	4,110			(4,110)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,851)			1,851
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited or debited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	3,780			(3,780)

Adjustment primarily involving the Accumulated Absences Account:				
Amount by which Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	19			(19)
Total Adjustments	**3,073**	**(1,931)**	**37**	**(1,179)**

	Usable Reserves			Unusable Reserves
2014/15	**General Fund Balance**	**Capital Receipts Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£000	**£000**	**£000**	**£000**
Adjustments primarily involving the Capital Adjustment Account :				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets (Property, Plant and Equipment)	1,740			(1,740)
Revaluation losses on Property, Plant and Equipment	1,244			(1,244)
Movements in the market value of Investment Property	(112)			112
Amortisation of Intangible Assets	190			(190)
Capital grants and contributions applied	(325)			325
Revenue expenditure funded from capital under statute	638			(638)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	150			(150)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(273)			273
Capital expenditure charged against the General Fund	(390)			390
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(160)	160		
Use of the Capital Receipts Reserve to finance new capital expenditure		(1,101)		1,101
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 39)	3,320			(3,320)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,842)			1,842

Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited or debited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(8,490)			8,490
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2			(2)
Total Adjustments	**(4,308)**	**(941)**	**0**	**5,249**

7. Transfers to/(from) Earmarked Reserves

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

	Balance at 31 March 2013	**Transfers Out 2013/14**	**Transfers In 2013/14**	**Balance at 31 March 2014**	**Transfers Out 2014/15**	**Transfers In 2014/15**	**Balance at 31 March 2015**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Earmarked General Fund Reserves							
Business Rates Retention Reserve	0	0	3,586	3,586	(3,586)	0	0
Stability and Resilience Reserve	1,956	0	431	2,387	(2,387)	0	0
Commuted Sums/Amenity Areas	793	(30)	251	1,014	(40)	304	1,278
Service Improvement Fund	1,393	(282)	0	1,111	(224)	0	887
Cohesion/Migration Impact/Gurkha Settlement	670	(247)	0	423	(114)	5	314
Insurance Reserve	480	(200)	0	280	0	0	280
Other Grants (Individually below £30k)	190	(52)	35	173	(42)	75	206
Budget Carry Forwards	0	0	171	171	(171)	150	150
Housing & Planning Delivery Grant	190	(48)	0	142	(142)	122	122
TAG Environmental Fund	59	0	11	70	0	6	76
Drug & Alcohol Support	0	0	0	0	0	75	75
Developing Our Communities	86	0	8	94	(19)	(5)	70
Land Charges	175	(110)	0	65	0	0	65
Civil Parking Enforcement Surplus	0	0	0	0	(99)	150	51
Individual Electoral Registration	0	0	0	0	0	37	37
Physical Activity & Wellbeing	2	(2)	0	0	0	0	0
Total Earmarked General Fund Reserves	**5,994**	**(971)**	**4,493**	**9,516**	**(6,824)**	**919**	**3,611**

8. Other Operating Expenditure

2013/14 Gross Expenditure £000	2013/14 Gross Income £000	2013/14 Net Expenditure £000		2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000
0	(22)	(22)	Photovoltaic Cells Feed In Tariff		(17)	(17)
133	(277)	(144)	(Gains)/losses on the disposal of non current assets	1	(10)	(9)
132	0	132	Allowance for Doubtful Debts	0	0	0
265	**(299)**	**(34)**	**Total**	**1**	**(27)**	**(26)**

9. Financing and Investment Income and Expenditure

2013/14 Gross Expenditure £000	2013/14 Gross Income £000	2013/14 Net Expenditure £000		2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000
14	0	14	Interest payable and similar charges	8	0	8
2,190	0	2,190	Net interest on the net defined benefit liability (asset)	1,670	0	1,670
0	(388)	(388)	Interest receivable and similar income	0	(753)	(753)
595	(1,900)	(1,305)	(Surplus)/Deficit on Trading Activities	1,212	(1,906)	(694)
814	(6,075)	(5,261)	Changes in the fair value of Investment Property	27	(140)	(113)
0	0	0	Other investment Income and expenditure	1	0	1
0	(3)	(3)	Exchange Rate Movements	0	0	0
0	0	0	Exchange Rate Loss on Derecognition	166	0	166
3,613	**(8,366)**	**(4,753)**	**Total**	**3,084**	**(2,799)**	**285**

10. Taxation and Non-specific Grant Income and Expenditure

2013/14 Gross Expenditure £000	2013/14 Gross Income £000	2013/14 Net Expenditure £000		2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000
0	(5,301)	(5,301)	Council Tax income	0	(5,437)	(5,437)
0	(146)	(146)	Collection Fund (Surplus)/Deficit - Council Tax	0	(89)	(89)
3,872	0	3,872	Collection Fund (Surplus)/Deficit - NDR	0	(4,035)	(4,035)
14,609	(16,799)	(2,190)	Non Domestic Rates (Income) and Expenditure	15,052	(15,934)	(882)
55	(3,359)	(3,304)	Non Domestic Rates (Safety net)/Levy Payment	1,612	0	1,612
0	(3,126)	(3,126)	Revenue Support Grant	0	(2,441)	(2,441)
0	(1,472)	(1,472)	Non-ringfenced Government Grants	0	(2,216)	(2,216)
0	(744)	(744)	Capital Grants and Contributions	0	(298)	(298)
18,536	**(30,947)**	**(12,411)**	**Total**	**16,664**	**(30,450)**	**(13,786)**

11. Property, Plant and Equipment

Cost or Valuation	Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	Total Property, Land and Equipment £000
At 1st April 2013	56,411	7,343	2,304	0	66,058
Transfers	(392)	0	0	395	3
Additions	856	479	301	2	1,638
Revaluation increases recognised in the Revaluation Reserve	0	0	17	32	49
Revaluation decreases recognised in the Revaluation Reserve	(1)	0	0	(55)	(56)
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	(675)	0	(54)	(30)	(759)
Reversal of previous revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	16	0	0	0	16
Derecognition - Disposals	(1,147)	0	(17)	0	(1,164)
As at 31st March 2014	**55,068**	**7,822**	**2,551**	**344**	**65,785**
Accumulated Depreciation and Impairment					
At 1st April 2013	(14,336)	(4,578)	0	0	(18,914)
Depreciation charge	(1,262)	(614)	0	0	(1,876)
Depreciation charge written out to Revaluation Reserve	(104)	0	0	0	(104)
Derecognition - Disposals	1,031	0	0	0	1,031
As at 31st March 2014	**(14,671)**	**(5,192)**	**0**	**0**	**(19,863)**

Cost or Valuation	Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	Total Property, Land and Equipment £000
At 1st April 2014	55,068	7,822	2,551	344	65,785
Transfers	0	0	0	0	0
Additions	454	228	195	0	877
Revaluation increases recognised in the Revaluation Reserve	3,615	0	0	0	3,615
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	(1,261)	0	0	0	(1,261)
Reversal of previous revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	231	0	0	0	231
Derecognition - Disposals	(18)	(1,141)	0	(150)	(1,309)
As at 31st March 2015	**58,089**	**6,909**	**2,746**	**194**	**67,938**
Accumulated Depreciation and Impairment					
At 1st April 2014	(14,671)	(5,192)	0	0	(19,863)
Depreciation charge	(1,287)	(600)	0	0	(1,887)
Depreciation charge written out to Revaluation Reserve	(84)	0	0	0	(84)
Derecognition - Disposals	18	1,141	0	0	1,159
As at 31st March 2015	**(16,024)**	**(4,651)**	**0**	**0**	**(20,675)**
Net Book Value					
At 31st March 2015	**42,065**	**2,258**	**2,746**	**194**	**47,263**
At 31st March 2014	**40,397**	**2,630**	**2,551**	**344**	**45,922**

Depreciation

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

- Other Land and Buildings 5 to 55 years
- Vehicles, Plant and Equipment 4 to 15 years

Capital Commitments

The Council had no major capital commitments as at 31st March 2015.

Effects of Changes in Estimates

In 2014/15, the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. The 2014/15 external valuation report on all the Investment Property and a selection of the other assets was prepared by GSC Harbord MA MRICS IRRV (Hons) RICS Registered Valuer of Wilks Head & Eve LLP.

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment are based on fair value.

	Other Land and Buildings	Vehicles, Plant and Equipment	Surplus Assets	Total
	£000	£000	£000	£000
Carried at historical cost	47,541	3,989	1,323	52,853
Valued at fair value as at :				
31 March 2015	1,863	(372)	(150)	1,341
31 March 2014	(1,431)	(135)	344	(1,222)
31 March 2013	(1,260)	(364)	0	(1,624)
31 March 2012	158	(477)	(2,030)	(2,349)
31 March 2011	(2,060)	(383)	707	(1,736)
Total Cost or Valuation	**44,811**	**2,258**	**194**	**47,263**

12. Heritage Assets

Reconciliation of the carrying amount of Heritage Assets held by the Council.

2013/14	Civic Regalia
Cost or Valuation	**£000**
1st April 2013	258
Additions	0
Disposals	0
31st March 2014	**258**

2014/15	Civic Regalia
Cost or Valuation	**£000**
1st April 2014	258
Additions	0
Disposals	0
31st March 2015	**258**
Net Book Value	
At 31st March 2015	**258**
At 31st March 2014	**258**

- **Civic Regalia**

Items consist of the Borough of Rushmoor mace, the mayoral chains of office, badges of office for the Mayor, Mayoress, Deputy Mayor and Deputy Mayoress along with various pendants, ceramic items, ceremonial clothing, works of art and models.

- **Memorials and Statues**

These consist of a memorial, the Heroes' Shrine in Manor Park, Aldershot and a sculpture of a charging horse in Princes Gardens, Aldershot.

Heritage Assets - Additions or Disposals

There were no additions made during 2014/15. The Authority disposed of one item – a silver casket – which was returned to the family of the donator. The carrying value of the asset was £4,200.

Intangible Heritage Assets

The Council does not have any items that meet the classification of 'intangible heritage assets'.

Heritage Assets – Five Year Summary of Transactions

Summary of Transactions Recognised in the Balance Sheet

Cost of Acquisitions of Heritage Assets:	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Civic Regalia					
Purchases - carrying value	194	221	221	221	221
Donations - carrying value	35	37	37	37	37
Total	**229**	**258**	**258**	**258**	**258**

Summary of Transactions Not Recognised in the Balance Sheet

Cost of Acquisitions of Heritage Assets:	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Civic Regalia					
Purchases - carrying value	22	39	39	39	39
Donations - carrying value	58	65	65	65	65
Total	**80**	**104**	**104**	**104**	**104**

Disposals of Donated Civic Regalia	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Carrying Value	0	0	0	0	4
Proceeds	0	0	0	0	0

Information in respect of years prior to 1st April 2010 is not disclosed as it is not practicable to do so.

13. Investment Property

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

2013/14 £000		2014/15 £000
(1,900)	Rental income from investment property	(1,906)
595	Direct operating expenses arising from investment property	1,212
(1,305)	Net (gain)/loss	**(694)**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement. All Investment Properties were re-valued as at 31st March 2015.

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

2013/14 £000		2014/15 £000
20,455	Balance at start of year	26,187
(3)	Transfers	0
561	Additions - Purchases	0
5,261	Net gains/(losses) from fair value adjustments taken to the Comprehensive Income & Expenditure Account	113
(87)	Net gains/(losses) from fair value adjustments taken to the Revaluation Reserve	0
26,187	Balance at end of year	**26,300**

Investment property is measured initially at cost and subsequently at fair value, which is based on active market prices adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations are carried out in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual, known as the "Red Book".

14. Interests in Jointly Controlled Operations

Jointly Controlled Operations

Community Safety Service

On 1st November 2012 the Council entered into a jointly controlled operation with Basingstoke and Deane Borough Council and Hart District Council to deliver a shared community safety service. Rushmoor Borough Council's element of the shared community safety service costs are included in the Environmental and Regulatory Services line in the Cost of Services section of the Comprehensive Income and Expenditure Statement.

Below is a memorandum account of the financial activity of the shared community safety service from 1st April 2014 to 31st March 2015.

	Rushmoor Borough Council 2014/15 £000	Hart District Council 2014/15 £000	Basingstoke and Deane Borough Council 2014/15 £000	Total 2014/15 £000
Employee Related Expenditure	158	175	118	451
Premises Related Expenditure	7	0	0	7
Transport Related Expenditure	4	9	3	16
Supplies & Services	5	5	1	11
Support Services	44	0	0	44
Capital Charges	5	0	0	5
	223	**189**	**122**	**534**
Project Expenditure	1	17	1	19
Net Expenditure	224	206	123	553
Hosting Charge	**(10)**	**6**	**4**	**0**

CCTV Service

On 1st May 2013 the Council entered into a jointly controlled operation with Hart District Council to deliver a shared CCTV service.

Rushmoor Borough Council's element of the shared CCTV service costs are split between the Environmental and Regulatory Services line and the Highways and Transport Services line in the Cost of Services section of the Comprehensive Income and Expenditure Statement.

Below is a memorandum account of the financial activity of the shared CCTV service from 1st April 2014 to 31st March 2015.

	Rushmoor Borough Council	Hart District Council	Total
	2014/15	2014/15	2014/15
	£000	£000	£000
Employee Related Expenditure	132	89	221
Premises Related Expenditure	4	4	8
Supplies & Services	67	22	89
Support Services	62	0	62
Capital Charges	53	0	53
	318	**115**	**433**
Hosting Charge	**(13)**	**13**	**0**

The purpose of both of the jointly controlled operations is for the councils to work together in a spirit of partnering in connection with their dealings with each other in respect of these services so that, wherever possible the activities of one complement and enhance the activities of the other for the benefit of all residents, businesses and visitors to their respective administrative areas.

There is no requirement for an authority to produce Group Accounts where the authority only has an interest in a jointly controlled operation.

15. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. Intangible assets consist of purchased licenses only. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council is five years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £190k charged to revenue in 2014/15 was charged directly to service revenue accounts and is therefore included in the cost of services. No items of capitalised software are individually material to the Financial Statements.

Capital Commitments
The Council had no major capital commitments in respect of Intangible Assets as at 31st March 2015.

The movement on Intangible Asset balances during the year is as follows:

	2013/14 Other Assets £000	2014/15 Other Assets £000
Balance at start of year:		
- Gross carrying amounts	2,827	3,020
- Accumulated amortisation	(2,255)	(2,459)
Net carrying amount at start of year	572	561
Additions - purchases	193	299
De-recognition - disposals	0	(558)
Amortisation for the period	(204)	(190)
De-recognition - disposals	0	558
Net carrying amount at end of year	**561**	**670**
Comprising:		
- Gross carrying amounts	3,020	2,761
- Accumulated amortisation	(2,459)	(2,091)
	561	**670**

16. Financial Instruments

Categories of Financial Instruments

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

	Long-term		Current	
	31st March 2014 £000	31st March 2015 £000	31st March 2014 £000	31st March 2015 £000
Investments				
Loans and Receivables				
Fixed Rate Investments			14,524	17,059
Government Stocks	4	2		
Available for Sale Financial Assets				
Pooled Funds/Collective Investment Vehicles	15,007	22,439	45	132
Total investments	**15,011**	**22,441**	**14,569**	**17,191**
Debtors				
Loans and Receivables				
Debtors due within 1 year*			2,620	3,096
Long Term Debtors	102	132		
Total Debtors	**102**	**132**	**2,620**	**3,096**
Borrowings				
Financial liabilities at amortised cost				
Bank Overdraft			1,062	738
Total borrowings			**1,062**	**738**
Other Long Term Liabilities				
Finance lease liabilities	280	280		
Total other long term liabilities	**280**	**280**		
Creditors				
Financial liabilities carried at contract amount**			2,382	2,762
Total Creditors**	**0**	**0**	**2,382**	**2,762**

*Debtors due within 1 year excludes £826k in respect of Council Tax debtors, HMRC and National Non-Domestic Rates, from the total of £4,878k reported on the Balance Sheet, as these are statutory levies not falling within the definition of Financial Instruments. £957k is also excluded in respect of Payments in Advance.

**Similarly, Short Term Creditors excludes £15,195k from the total of £19,070k reported on the Balance Sheet, in respect of Council Tax creditors, Housing Benefit subsidy payments and payments to the National Pool for Non-Domestic Rates. £1,113k is also excluded in respect of Income in Advance.

2013/14	Financial Liabilities: Measured at amortised cost	Financial Assets: Loans and receivables	Available for Sale	Total
	£000	£000	£000	£000
Interest expense	(14)	0	0	**(14)**
Total expense in Surplus or Deficit on the Provision of Services	**(14)**	**0**	**0**	**(14)**
Interest income	0	268	120	**388**
Exchange rate gain	0	3	0	**3**
Total income in Surplus or Deficit on the Provision of Services	**0**	**271**	**120**	**391**
Net gain/(loss) for the year	**(14)**	**271**	**120**	**377**

2014/15	Financial Liabilities: Measured at amortised cost	Financial Assets: Loans and receivables	Available for Sale	Total
	£000	£000	£000	£000
Interest expense	(8)	0	0	**(8)**
Amortisation of investment	0	(1)	0	**(1)**
Exchange rate loss on derecognition	0	(166)	0	**(166)**
Total expense in Surplus or Deficit on the Provision of Services	**(8)**	**(167)**	**0**	**(175)**
Interest income	0	202	551	**753**
Total income in Surplus or Deficit on the Provision of Services	**0**	**202**	**551**	**753**
Net gain/(loss) for the year	**(8)**	**35**	**551**	**578**

Fair Values of Assets and Liabilities

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

- For loans and receivables, estimated interest rates at 31st March for comparable instruments where this is material
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

	31st March 2014		31st March 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities	£000	£000	£000	£000
Financial liabilities at amortised cost	3,444	3,444	3,500	3,500
Finance lease liabilities	280	280	280	280
	3,724	3,724	3,780	3,780

	31st March 2014		31st March 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets	£000	£000	£000	£000
Loans and receivables	22,259	22,259	28,353	28,353
Available for sale financial assets	15,052	15,052	22,571	22,571
Long-term debtors	102	102	132	132
	37,413	37,413	51,056	51,056

The fair values calculated are as follows:

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value. The fair value of loans and receivables as at 31st March 2015 equates to their carrying amount, as all will mature within the next 12 months.

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

17. Debtors

Debtors shown are net of allowances for doubtful debts.

31st March 2014 £000		31st March 2015 £000
3,760	Central government bodies (excluding Business Rates)	184
754	Other local authorities (excluding Precepts)	948
129	Council tax	144
425	NDR	523
1,726	Other entities and individuals	2,122
559	Payments in advance	957
7,353	**Total Debtors**	**4,878**

18. Cash and Cash Equivalents

31st March 2014 £000		31st March 2015 £000
21	Cash held by the Council	6
5,090	Short term cash deposits	8,190
(1,062)	Bank current accounts	(738)
4,049	**Total Cash and Cash Equivalents**	**7,458**

19. Creditors

31st March 2014 £000		31st March 2015 £000
1,334	Central government bodies	11,434
2,299	Other local authorities	3,665
11	Council tax	12
464	NDR	712
1,774	Other entities and individuals	2,134
882	Income in advance	1,113
6,764	**Total Creditors**	**19,070**

During 2014/15 the Council became the Local Trusted Organisation for the Prospect Estate Big Local Partnership. As at 31st March 2015, the Council held £52,410 in the other entities and Individuals line in the creditors figure on the Council's Balance Sheet for this purpose.

20. Provisions

Short-Term Provisions

	Short-Term Provisions £000
Balance at 1st April 2013	41
Additional provisions made in 2013/14	0
Amounts used in 2013/14	(41)
Balance at 31st March 2014	**0**
Additional provisions made in 2014/15	0
Amounts used in 2014/15	0
Balance at 31st March 2015	**0**

Long-Term Provisions

	Long-Term Provisions £000
Balance at 1st April 2013	382
Additional provisions made in 2013/14	4,315
Amounts used in 2013/14	(10)
Balance at 31st March 2014	**4,687**
Additional provisions made in 2014/15	0
Amounts used in 2014/15	(2,926)
Balance at 31st March 2015	**1,761**

The Council had two long-term provisions as at the 1st April 2014, the first was £0.409 million in respect of mercury abatement. During 2014/15 the Council re-assessed the need for a mercury abatement provision and concluded that this was no longer required. The second long-term provision as at 1st April 2014 was £4.278 million in respect of Business Rate appeals, this has now been reduced to £1.761 million as at the 31st March 2015.

21. Other Long Term Liabilities

31st March 2014 £000		31st March 2015 £000
280	Finance Lease Liability	0
39,828	Liability relating to defined Pension Scheme	45,726
40,108	**Total Other Long Term Liabilities**	**45,726**

22. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

23. Unusable Reserves

31st March 2014 £000		31st March 2015 £000
7,237	Revaluation Reserve	10,717
65,138	Capital Adjustment Account	63,494
8	Available for Sale Financial Instruments Reserve	329
(39,828)	Pensions Reserve	(45,726)
(3,561)	Collection Fund Adjustment Account	4,929
(123)	Accumulated Absences Account	(125)
28,871	**Total Unusable Reserves**	**33,618**

Revaluation Reserve

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

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

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

	2013/14 £000			2014/15 £000
	7,660	**Balance at 1st April**		7,237
49		Upward revaluation of assets	3,615	
(143)		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(18)	
	(94)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		3,597
(104)		Difference between fair value depreciation and historical cost depreciation	(84)	
(109)		Write off of residual balances on Investment Properties	0	
(116)		Accumulated gains on asset disposals	(33)	
	(329)	Amount written off to the Capital Adjustment Account		(117)
	7,237	**Balance at 31st March**		**10,717**

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 Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Property and gains accumulated on Property, Plant and Equipment before 1st 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.

	2013/14 £000			2014/15 £000
	59,928	**Balance at 1st April**		65,138
		Amount written out of the Revaluation Reserve		
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(1,963)		- Charges for depreciation and impairment of non-current assets (Property, Plant and Equipment)	(1,740)	
(759)		- Revaluation losses on Property, Plant and Equipment	(1,244)	
(204)		- Amortisation of intangible assets	(190)	
(1,729)		- Revenue expenditure funded from capital under statute	(638)	
(133)		- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive I&E Statement	(150)	
	(4,788)			(3,962)
	329	Adjusting amounts written out of the Revaluation Reserve		117
	(4,459)	Net written out amount of the cost of non-current assets consumed in the year		(3,845)

		Capital financing applied in the year:		
2,211		- Use of the Capital Receipts Reserve to finance new capital expenditure	1,101	
1,259		- Capital grants and contributions credited to the Comprehensive I&E Statement that have been applied to Capital financing	325	
288		- Statutory provision for the financing of capital investment charged against the General Fund balances	273	
650		- Capital expenditure charged against the General Fund	390	
	4,408			2,089
	5,261	Movements in the market value of Investment Property debited or credited to the Comprehensive I&E Statement		112
	65,138	**Balance at 31st March**		**63,494**

Available for Sale Financial Instruments Reserve

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

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

2013/14 £000		2014/15 £000
0	**Balance at 1st April**	8
16	Upward revaluation of investments	511
(8)	Downward revaluation of investments not charged to the Surplus/(Deficit) on the Provision of Services	(190)
8	**Balance at 31st March**	**329**

Pensions Reserve

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

2013/14 £000		2014/15 £000
(52,139)	**Balance at 1st April**	(39,828)
14,570	Remeasurements of the net defined benefit liability/(asset)	(4,420)
(4,110)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,320)
1,851	Employer's pensions contributions and direct payments to pensioners payable in the year	1,842
(39,828)	**Balance at 31st March**	**(45,726)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2013/14 £000		2014/15 £000
219	**Balance at 1st April**	(3,561)
(3,780)	Amount by which council tax income and NDR income is (credited) or debited to the Comprehensive Income and Expenditure Statement is different from council tax income and NDR income calculated for the year in accordance with statutory requirements	8,490
(3,561)	**Balance at 31st March**	**4,929**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

	2013/14 £000			2014/15 £000
	(104)	**Balance at 1st April**		(123)
104		Settlement or cancellation of accrual made at the end of the preceding year	123	
(123)		Amounts accrued at the end of the current year	(125)	
	(19)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(2)
	(123)	**Balance at 31st March**		**(125)**

24. Cash Flow Statement – Adjustment to net surplus or deficit on the provision of services for non-cash movements

2013/14 £000		2014/15 £000
949	Depreciation	1,971
743	Impairment and downward valuations	1,030
204	Amortisation	190
227	Increase/(decrease) in bad debts	485
303	Increase/(decrease) in Creditors	12,306
(1,955)	(Increase)/decrease in Debtors	2,475
(26)	(Increase)/decrease in Interest Debtors	(35)
10	Increase/ (decrease) in Inventories	0
2,258	Movement in pension liability	1,478
1,424	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	149
(983)	Other non-cash items charged to the net surplus or deficit on the provision of services	(2,872)
3,154	**Net adjustments to net surplus or deficit on the provision of services for non-cash movements**	**17,177**

25. Cash Flow Statement – Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities

2013/14 £000		2014/15 £000
(320)	Any other items for which the cash effects are investing or financing cash flows	(198)
(320)	**Net adjustments to net surplus or deficit on the provision of services for financing and investment cash flows**	**(198)**

26. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2013/14 £000		2014/15 £000
355	Interest received	**718**

27. Cash Flow Statement – Investing Activities

2013/14 £000		2014/15 £000
(4,880)	Purchase of property, plant and equipment, investment property and intangible assets	(2,588)
(34,000)	Purchase of short-term and long-term investments	(35,652)
(49)	Other payments for investing activities	(49)
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets.	150
26,000	Proceeds from short-term and long-term investments	25,694
585	(Income) & expenditure from Investment Properties	552
(12,344)	**Net cash flows from investing activities**	**(11,893)**

28. Cash Flow Statement – Financing Activities

2013/14 £000		2014/15 £000
1,927	Other receipts from financing activities	1,914
(300)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(280)
(695)	Other payments for financing activities	(1,230)
932	**Net cash flows from financing activities**	**404**

29. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice.* However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across Portfolios. These reports are prepared on a different basis from the accounting policies used in the Financial Statements. In particular:

- the effect of the finance lease entries under IFRIC4 are not included
- trading operations are included under the Portfolio analysis but not in the Cost of Services on the Comprehensive Income and Expenditure Statement

The net expenditure of the Council's Portfolios recorded in the provisional outturn report for the year is as follows:

2013/14 £000		2014/15 £000
1,546	Corporate Services	737
4,556	Environment and Service Delivery	4,157
1,715	Concessions and Community	1,482
1,751	Health and Housing	1,771
3,002	Business, Safety and Regulation	2,523
4,550	Leisure and Youth	3,958
17,120	**Net expenditure in Portfolio Analysis**	14,628
(1,432)	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	286
1,304	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	694
16,992	**Cost of Services in Comprehensive Income and Expenditure Account**	**15,608**

30. Members' Allowances

In 2014/15, a total of £287,585 was paid out in members' allowances, compared with a total of £282,186 in 2013/14.

31. Officers' Remuneration and Termination Benefits

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

		Salary and Allowances £	Expenses Allowances £	Pension Contribution £	Total £	
Chief Executive						
	2014/15	**120,961**	**720**	**0**	**121,681**	
	2013/14	114,807	4,560	22,730	142,097	
Director of Resources						
	2014/15	**16,965**	**360**	**2,590**	**19,915**	Note 1 below
	2013/14	77,778	4,560	14,832	97,170	
Director of Resources						
	2014/15	**69,831**	**275**	**13,845**	**83,951**	Note 2 below
	2013/14	0	0	0	0	
Director of Community and Environment	**2014/15**	**80,741**	**360**	**15,387**	**96,488**	
	2013/14	75,905	4,560	14,498	94,963	
Head of Financial Services and Chief Finance Officer	**2014/15**	**67,848**	**0**	**12,959**	**80,807**	Note 3 below
	2013/14	0	0	0	0	
Totals	**2014/15**	**356,346**	**1,715**	**44,781**	**402,842**	
	2013/14	268,490	13,680	52,060	334,230	

The rate of pension contribution to the Hampshire Pension Fund is 19.1%. This is split 13.1% of pensionable pay for individual employees plus an additional 6% relating to all scheme members.

Note 1 : Director of Resources retired 31 May 2014, annualised salary of £83,844
Note 2 : Director of Resources replaced 01 May 2014, annualised salary of £75,993
Note 3: Section 151 duties previously carried out by Director of Resources. Now carried out by the Head of Financial Services and Chief Finance Officer

General Note:
In previous years, car allowances shown as part of Benefits in Kind. Car allowance replaced by Grade allowance which is included within Salary (including fees and allowance).

The number of employees whose remuneration (including taxable benefits but excluding employers' pension contributions) was £50,000 or more, in bands of £5,000, is shown below. Data shown includes senior employees.

Remuneration Band	2013/14	2014/15
	Employees	
£50,000 - £54,999	7	7
£55,000 - £59,999	2	2
£60,000 - £64,999	6	2
£65,000 - £69,999	0	5
£70,000 - £74,999	1	2
£75,000 - £79,999	0	0
£80,000 - £84,999	2	1
£85,000 - £89,999	0	0
£90,000 - £94,999	0	0
£95,000 - £99,999	0	0
£100,000 - £104,999	0	0
£105,000 - £109,999	0	0
£110,000 - £114,999	0	0
£115,000 - £119,999	1	0
£120,000 - £124,999	0	1

Exit Packages

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

Exit package cost band (including 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	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
£0-£20,000	1	0	8	3	9	3	78,318	27,749
£20,001-£40,000	0	0	1	0	1	0	20,016	0
£40,001-£100,000	0	0	0	0	0	0	0	0
Total	**1**	**0**	**9**	**3**	**10**	**3**	**98,334**	**27,749**

The Council incurred further costs in 2014/15 of £13,500 in respect of exit packages in 2013/14.

32. External Audit Costs

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

	2013/14 £000	2014/15 £000
Fees payable to Ernst and Young with regard to external audit services carried out by the appointed auditor	66	66
Fees payable to Ernst and Young for the certification of grant claims and returns	11	12
Rebate relating to fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	(7)	(6)
Total	**70**	**72**

33. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement:

	2013/14 £000	2014/15 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	3,126	2,441
New Homes Bonus	1,019	1,401
s31 Grants in Relation to Business Rates	227	606
Capital Grants & Contributions	744	298
New Burden Grant	76	112
Council Tax Freeze Grant	59	62
Business Rates Flood Relief Grant	0	19
Top Up Grant	18	7
IDEA GIS Grant	0	7
s31 Grant Temporary Empty Property	0	2
National Non-Domestic Rates Safety Net Payment	3,359	0
Welfare Reform Grant	21	0
Business Support Scheme Repair & Renew Grant	20	0
Capital Provision Redistribution Grant	17	0
Local Authority Data Share	15	0
Total	**8,701**	**4,955**
Credited to Services		
Communities and Local Government		
Disabled Facilities Grant	381	386
Localising Council Tax Admin Subsidy	0	88
Council Tax Discount	0	1
Department for Works and Pensions		
Housing Benefit Subsidy	36,453	36,827
Housing Benefit Admin Subsidy	619	491
Discretionary Housing Payment	152	144
Flexible Support Fund Grant (Skilled Up)	37	59
Other	9	23
Cabinet Office	22	96
Developers Contributions	636	403
Hampshire County Council	229	142
Other Grants and Contributions		
Contributions for other projects	32	85
Big Lottery Fund Grant	44	47
Local & Parliamentary Elections contributions	20	19
Armed Forces Community Covenant	27	6
Developing Our Communities contribution for specific projects	29	4
Apprenticeship Grant	13	1
Total	**38,703**	**38,822**

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 could require the monies to be returned to the giver. The balances at year-end are as follows:

Capital Grants Receipts in Advance	31st March 2014 £000	31st March 2015 £000
s106 Developers Contributions	**1,336**	**1,500**

Creditors	31st March 2014 £000	31st March 2015 £000
Armed Forces Community Covenant	58	52
Big Lottery Fund Grant	15	21
Flexible Support Fund Grant (Skilled Up)	9	0
	82	73

34. Related Parties

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

During 2014/15, the Council provided financial assistance to 107 organisations by way of direct grant payments (£780,975) and awards of rent relief (£187,963).

Within the Business Rates Retention Scheme, rate relief of (£355,522) has been awarded to charitable and not for profit organisations. The cost of the rate relief is shared between central government, Rushmoor Borough Council and Hampshire County Council (including Fire Authority) in the following proportions 50:40:10

The Council did not provide material financial assistance to any organisation, being more than 50% of their funding, on terms that gave the Council effective control over their operations. However, of the 107 voluntary organisations that the Council provided financial assistance to, significant financial assistance was given to the following organisations:

• Citizens Advice Bureau	£312,255
• Farnborough and Cove War Memorial Hospital Trust Ltd	£117,742
• Rushmoor Voluntary Services	£ 95,776
• Step By Step Partnership Ltd	£ 63,398
• Trustees of Farnborough Community Centre Association	£ 43,255
• Basingstoke Canal Management Committee	£ 42,246
• Dial A Ride	£ 34,640
• The Vine Centre	£ 32,519
• Aldershot Military Museum	£ 32,351

Central Government

Central government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Details of funding transactions with government departments in the form of grants and contributions are set out in Note 33.

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 30. During 2014/15, no works or services were commissioned from companies in which members had an interest.

Financial assistance totalling £462,954 was awarded to voluntary organisations in which 12 members had an interest. These financial awards were made with proper consideration of declarations of interest and the relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Statement of Accounts working papers and the Register of Members interest, open to public inspection.

Officers

Chief Officers have not disclosed any material transactions with related parties.

35. Capital Expenditure and Capital Financing

At the 1st April 2014, the Council was debt free and, in accordance with its Medium Term Financial Strategy, the Council planned to remain debt free during 2014/15 by financing all capital spend from means other than borrowing. The Council therefore had a Capital Financing Requirement at the start of 2014/15 of zero. Total capital expenditure in 2014/15 was £2.2 million. A summary of this expenditure and how it was financed is shown below. The Council's Capital Financing Requirement at 31st March 2015 was zero.

	2013/14 £000	2014/15 £000
Opening Capital Financing Requirement	0	0
Capital Investment		
Property, Plant and Equipment	2,018	1,750
Investment Property	561	0
Intangible Assets	193	299
Revenue Expenditure Funded from Capital under Statute	1,729	153
Sources of finance		
Capital receipts	(2,211)	(1,101)
Government grants and other contributions	(1,640)	(810)
Sums set aside from revenue:		
Direct revenue contributions	(650)	(291)
Closing Capital Financing Requirement	**0**	**0**
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by government financial assistance)	0	0
Assets acquired under finance leases	0	0
Increase/(decrease) in Capital Financing Requirement	**0**	**0**

36. Leases

Council as Lessor

Operating Leases

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

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

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

31st March 2014 000		31st March 2015 £000
2,239	Not later than one year	2,230
8,137	Later than one year and not later than five years	8,045
92,762	Later than five years	91,071
103,138		**101,346**

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. In 2014/15, contingent rents of £4,509 were receivable by the Council (£10,961 in 2013/14).

37. Impairment Losses

The Council has employed a specialist company of Chartered Surveyors for the valuation of individual capital assets and groups of capital assets. As part of this review, impairment losses of £1.26 million were identified. Of this figure, £0.02 million was offset against previous revaluation gains for the individual assets and £1.24 million was charged directly to the relevant service revenue accounts.

38. Defined Benefit Pension Schemes

Participation in pension schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Hampshire County Council. This is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. The funded nature of the scheme requires employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions relating to post employment benefits

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

Comprehensive Income and Expenditure Statement	**Local Government Pension Scheme**		**Discretionary Benefits Arrangements**	
	£M	**£M**	**£M**	**£M**
	2014/15	**2013/14**	**2014/15**	**2013/14**
Cost of Services:				
Service cost comprising:				
• current service cost	1.64	1.81		0.00
• past service costs	0.01	0.11		0.00
Financing and Investment Income and Expenditure				
Net Interest Expense	1.48	1.99	0.19	0.20
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	3.13	3.91	0.19	0.20
Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on Plan Assets (Excluding the amount included in the net interest expense)	(6.61)	(3.11)	0.00	0.00
Actuarial gains and losses arising on changes in financial assumptions	11.43	(8.14)	0.28	(0.25)
Actuarial gains and losses arising on changes in demographic assumptions	0.00	(0.43)	0.00	0.13
Actuarial gains and losses arising from liability experience	(0.63)	(2.60)	(0.05)	(0.17)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	7.32	(10.37)	0.42	(0.09)
Movement in Reserves Statement				
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(3.13)	(3.91)	(0.19)	(0.20)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	1.54	1.55		
Retirement benefits payable to pensioners			0.30	0.30

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement 2014/15 is a loss of £34.1 million.

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension scheme		**Discretionary Benefits Arrangements**	
	£M	**£M**	**£M**	**£M**
	2014/15	**2013/14**	**2014/15**	**2013/14**
Present value of the defined benefit obligation	115.18	101.37	4.86	4.74
Fair value of plan assets	74.31	66.28	0.00	0.00
Net liability arising from defined benefit obligations	**40.87**	**35.09**	**4.86**	**4.74**

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

	Local Government Pension scheme		Discretionary Benefits Arrangements	
	£M	£M	£M	£M
	2014/15	2013/14	2014/15	2013/14
Opening fair value of scheme assets	66.28	61.88	0.00	0.00
Interest income	2.82	2.63	0.00	0.00
Remeasurement gain/(loss) on assets	6.61	3.11	0.00	0.00
Contributions from employer	1.54	1.55	0.30	0.30
Contributions from employees into the scheme	0.66	0.52	0.00	0.00
Net Benefits paid	(3.60)	(3.41)	(0.30)	(0.30)
Closing balance at 31st March	74.31	66.28	0.00	0.00

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Local Government Pension scheme		Discretionary Benefits Arrangements	
	£M	£M	£M	£M
	2014/15	2013/14	2014/15	2013/14
Opening balance at 1st April	101.37	108.89	4.74	5.13
Current service cost	1.64	1.81	0.00	0.00
Interest cost	4.30	4.62	0.19	0.20
Contributions by scheme participants	0.66	0.52	0.00	0.00
Remeasurment (gains) and losses:				
Actuarial gains and losses arising from changes in financial assumptions	11.43	(8.14)	0.28	(0.25)
Actuarial gains and losses arising from changes in demographic assumptions	0.00	(0.43)	0.00	0.13
Actuarial gains and losses arising from changes due to liability experience	(0.63)	(2.60)	(0.05)	(0.17)
Net Benefits paid	(3.60)	(3.41)	(0.30)	(0.30)
Past service costs	0.01	0.11	0.00	0.00
Closing balance at 31st March	115.18	101.37	4.86	4.74

The re-measurement gain on the net defined benefit liability is comprised of:

- Return on plan assets – a measure of return (income from dividends, interest etc, and gains on invested sums) on the investment assets held by the scheme for the year
- Actuarial gains and losses – arise where actual events have not coincided with actuarial assumptions made for the last valuation.

The actual return on scheme assets in the year was £9.43 million (2013/14: £5.74 million).

Scheme History

	31st March 2015 £000	31st March 2014 £000	31st March 2013 £000
Present value of liabilities:			
Local Government Pension Scheme	(115,180)	(101,370)	(108,890)
Discretionary Benefits	(4,860)	(4,740)	(5,130)
Fair value of assets in the Local Government Pension Scheme	74,310	66,280	61,880
Surplus/(deficit) in the scheme:			
Local Government Pension Scheme	(40,870)	(35,090)	(47,010)
Discretionary Benefits	(4,860)	(4,740)	(5,130)
Total Surplus/(Deficit) in the Scheme	(45,730)	(39,830)	(52,140)

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £45.73 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. Statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31st March 2016 is £1.64 million.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Aon Hewitt Ltd, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2013.

The principal assumptions used by the actuary have been:

Financial Assumptions:	31st March 2015 %	31st March 2014 %	31st March 2013 %
Rate of inflation (RPI)	2.90	3.30	3.60
Rate of inflation (CPI)	1.80	2.30	2.70
Rate of increase in salaries	3.30	3.80	4.60
Rate of increase to pensions in payment	1.80	2.30	2.70
Rate of increase to deferred pensions	1.80	2.30	2.70
Rate for discounting scheme liabilities	3.20	4.30	4.60
Pension accounts revaluation rate	1.80	n/a	n/a

Mortality assumptions:	2014/15	2013/14	2012/13
Longevity at 65 for current pensioners:			
Men	24.5	24.4	24.0
Women	26.3	26.2	25.0
Longevity at 65 for future pensioners:			
Men	26.6	26.5	25.7
Women	28.6	28.5	26.9

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31st March 2015	31st March 2014	31st March 2013
	%	%	%
Equities	57.8	60.8	57.6
Property	8.0	7.5	7.8
Government Bonds	25.4	23.6	24.9
Corporate Bonds	1.6	1.6	1.3
Cash	3.7	3.8	2.3
Other assets	3.5	2.7	6.1
	100.0	100.0	100.0

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions outlined above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the present value of the funded defined benefit obligation in the Scheme	Increase in Assumption	Decrease in Assumption
	£M	£M
Rate of inflation (adjustment to discount rate +0.1% or -0.1% pa)	(1.94)	1.98
Rate of increase in salaries (increase or decrease by 0.1% pa)	0.38	(0.38)
Rate of increase to pensions in payment & rate of revaluation of pension accounts (increase or decrease by 0.1% pa)	1.64	(1.62)
Post retirement mortality assumption (increase or decrease by 1 year)	3.02	(3.03)

39. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- credit risk – the possibility that 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 renew a financial instrument on maturity at disadvantageous interest 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 rates and stock market 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 a central treasury team, under policies approved by Council in the Annual Treasury Management Strategy. This Strategy is drawn up in compliance with CIPFA's Code of Practice for Treasury Management in the Public Services and with the Prudential Code for Capital Finance in Local Authorities. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash through Treasury Management Practices (TMPs) which are periodically reviewed.

Actual treasury management performance is reported to Members bi-annually and benchmarked against a number of other Local Authorities.

The Annual Treasury Management Strategy for 2014/15 and the Prudential Indicators for Capital Finance were approved by Council on the 20th February 2014 and are available on the Council's website.

Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard and Poor's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested, and a maximum length of investment, with a financial institution located within each category, or with a particular type of counterparty. It also specifies a maximum percentage of the total portfolio that may be invested with each type of counterparty. Details of the Investment Strategy can be found within the Annual Treasury Management Strategy for 2014/15 on the Council's website.

The following analysis summarises the Council's potential maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

		Amount at 31st March 2015 £000 (A)	Historical experience of default % (B)	Historical experience adjusted for market conditions at 31st March 2015 % (C)	Estimated maximum exposure to default at 31st March 2015 £000 (A x C)	Estimated maximum exposure to default at 31st March 2014 £000 (A x C)
Cash and Cash Equivalents	AAA rated	8,196	0.00	0.00	0	0
Long Term Debtors		106	0.00	0.00	0	0
Trade Debtors		3,096	0.70	0.70	22	15
		11,398			22	15

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 its deposits.

The Council does not generally allow credit for customers, such that £0.7 million of the £3.1 million balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31st March 2014 £000	31st March 2015 £000
Less than two months	495	282
Two to six months	95	120
Six months to one year	98	74
More than one year	180	225
	868	**701**

Collateral – During the reporting period the Council held no collateral as security.

Liquidity risk

The Council manages its liquidity position through risk management procedures as referred to above, including the setting and approval of prudential indicators and the approval of the Annual Treasury Management Strategy as well as through cash flow management procedures. This seeks to ensure that cash is available as needed.

In the event of an unexpected cash requirement, the Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure.

There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Council maintains a significant investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer term financial assets.

The approved limits placed on investments of greater than one year in duration, are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks, and the central treasury team address the operational risks within the approved parameters.

This includes monitoring the maturity profile of investments to ensure liquidity is available for the Council's day to day cash flow needs and the spread of longer term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The Council has no long-term borrowing. The maturity analysis of its financial assets is as follows:

	31st March 2014 £000	31st March 2015 £000
Less than one year	19,680	25,388
Between one and two years	13	24
Between two and three years	43	17
More than three years	15,058	22,532
	34,794	**47,961**

Trade debtors of £3.1 million are not included in the above table.

Market risks

Interest rate risk

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

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

Changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

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, including an expectation of interest rate movements. From the strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance, in periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated.

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

	£000
Increase in interest receivable on variable rate investments	84
Impact on Surplus or Deficit on the Provision of Services	84

During 2014/15, variable interest rates remained extremely low (below 1%) and therefore the maximum impact of a fall in interest rates would have been approximately £50,000 with the movements being reversed.

Price risk

The Council has no equity shares or shareholdings and therefore has no exposure to loss arising from movements in share prices.

Foreign exchange risk

In March 2012, the Glitnir Winding-Up Board repaid all monies owing to the Council in respect of two investments of £1 million each. The repayments were made in a basket of currencies having been converted into those currencies from Icelandic Kroner (ISK) at rates prevailing in April 2009.

The majority of the currency was immediately converted to Sterling (£) on receipt but had been exposed to exchange rate movements in the intervening period. This impairment was recognised in the 2011/12 Statements. A proportion of the repayment was denominated in ISK, which was valued at £442,300 as at 31st March 2014. The Council participated in a fixed price currency auction in February 2015 sold the remaining ISK. The overall exchange rate loss on de-recognition was £166,115.

The Council has no other financial assets or liabilities denominated in foreign currencies, and thus has no exposure to loss arising from movements in exchange rates, other than relating to Icelandic investments referred to above.

The Collection Fund

The Collection Fund is a statutory fund maintained by a billing authority which is used to account independently for income relating to council tax and non-domestic rates, along with payments to precepting authorities and the government for their share of Council Tax and Non-Domestic Rates, as well as into its own general fund. The balance in the collection fund is consolidated with the Council's other accounts.

Income and Expenditure Account

2013/14		2014/15		
		Council Tax	NDR	Total
£000		£000	£000	£000
	Income			
42,520	Income from Council Tax payers	43,320		43,320
43,553	Income from Non Domestic Rate payers		44,127	44,127
86,073		43,320	44,127	87,447
	Expenditure			
	Precepts			
29,890	Hampshire County Council	30,659		30,659
4,356	Police & Crime Commissioner for Hampshire	4,557		4,557
1,768	Hampshire Fire & Rescue Authority	1,813		1,813
5,301	Rushmoor Borough Council	5,437		5,437
	Business Rates			
124	Allowance for Collection		125	125
3,780	Payments to Hampshire County Council		3,585	3,585
420	Payments to Hampshire Fire & Rescue Authority		398	398
16,799	Payments to Rushmoor Borough Council		15,934	15,934
20,999	Payments to Government		19,918	19,918
	Provision for Bad and Doubtful Debts			
65	Council Tax	159		159
415	NDR		376	376
10,696	Provision for NDR appeals		(6,292)	(6,292)
	Collection fund surplus / deficit			
419	Council Tax	843		843
	NDR		(11,184)	(11,184)
95,032		43,468	22,860	66,328
8,959	Net Movement in Fund	148	(21,267)	(21,119)
(1,709)	Balance b/fwd 1 April	(2,430)	9,680	7,250
7,250	**Balance c/fwd 31 March (surplus) / deficit**	**(2,282)**	**(11,587)**	**(13,869)**

The (surplus)/deficit as at the 31st March allocated to

(885)	Hampshire County Council	(1,646)	(1,043)	(2,689)
(259)	Police & Crime Commissioner for Hampshire	(247)	0	(247)
(7)	Hampshire Fire & Rescue Authority	(97)	(116)	(213)
3,561	Rushmoor Borough Council	(292)	(4,635)	(4,927)
4840	Government	0	(5,793)	(5,793)
7,250		**(2,282)**	**(11,587)**	**(13,869)**

Notes to Collection Fund

1. Council Tax

Council Tax derives from charges raised according to the value of residential properties which have been classified into 8 valuation bands estimating 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Hampshire County Council, Police, Fire and Rescue Authority and the Council for the forthcoming year and dividing this by the Council Tax base (the total number of properties in each band adjusted to convert the number to a Band D equivalent and adjusted for discounts: (£29,540.17 for 2014/15). This basic amount of Council Tax for a Band D property (£1,437.59 for 2014/15) is multiplied by an appropriate ratio to produce the amount due for the bands A to H. Council Tax bills are based on the following dwellings and proportions.

Tax Band	**Discounted Equivalent Dwellings**	**Weighting**	**Band D Equivalent**
A (Disabled Relief)	0	5/9	0
A	701	6/9	467
B	5,304	7/9	4,125
C	11,519	8/9	10,239
D	6,750	1	6,750
E	3,368	11/9	4,116
F	1,056	13/9	1,526
G	278	15/9	463
H	8	18/9	16
O (Army)	1,838	0	1,838
Total			**29,540**

2. Income from Non-Domestic Rates

The Council collects non-domestic rates for its area, which is based on local rateable values multiplied by a uniform rate specified by the government. In 2013/14 the administration of NDR changed following the introduction of the business rates retention scheme, so instead of paying the NDR to the pool, the local authority retains a share of the total collectable rates due. For Rushmoor this is 40%, Hampshire County Council 9%, Hampshire Fire and Rescue Authority 1% and the Government 50%.

The rateable value of properties at 31 March 2015 is £108,461,705 and the national non-domestic multiplier was 48.2p.This gives a potential business yield of £51 million. The actual business rates collectable for 2014/15 after reliefs, is £44 million. In addition, there is an adjustment to the business rates income for provision on appeals to the collection fund. This provision, for 2014/15, has been reduced by £6.2 million to £4.4 million due to changes in the appeals mechanism. There has been a significant surplus on the collection fund for business rates in 2014/15 largely due to the reduction in provisions for appeals, as referred to above, and the improved position on reliefs to the business ratepayers compared to estimates.

3. Provision for Council Tax and NDR Bad or Doubtful Debts and NDR provision for valuation appeals

Provisions for bad or doubtful debts are assessed annually and charged to the collection fund.

Council Tax

2013/14 £000		2014/15 £000
738	Provisions at 1st April	705
65	Provisions made in year	159
(98)	Written off in year	(81)
705	Provisions at 31st March	**783**

NDR

2013/14 £000		2014/15 £000
239	Provisions at 1st April	324
415	Provisions made in year	376
(330)	Written off in year	(147)
324	Provisions at 31st March	**553**

NDR Valuation Appeals

2013/14 £000		2014/15 £000
0	Provisions at 1st April	10,696
10,696	Provisions made in year	(6,292)
10,696	Provisions at 31st March	**4,404**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUSHMOOR BOROUGH COUNCIL

Opinion on the Authority's financial statements

We have audited the financial of Rushmoor Borough Council for the year ended 31 March 2015 under the Audit Commission Act 1998 (as transitionally saved). The Authority's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 39, and the Collection Fund and the related notes 1 to 3. 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 Rushmoor Borough Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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 Head of Financial Services (*Chief Financial Officer*) and auditor

As explained more fully in the Statement of the Head of Financial Services (*Chief Financial Officer*) Responsibilities set out on page 11, the Head of Financial Services (*Chief Financial 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 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 Head of Financial Services (*Chief Financial Officer*); and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts and Annual Corporate Governance Statement 2014/15 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 Rushmoor Borough Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts and Annual Corporate Governance Statement 2014/15 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 report to you if:

- in our opinion the annual governance statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any 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 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 its 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, Rushmoor Borough 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 accounts of Rushmoor Borough council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Paul King
Executive Director
for and on behalf of Ernst & Young LLP, Appointed Auditor
Reading
28 September 2015

Glossary of Terms

Assets Held For Sale
An asset is classified as held for sale if its carrying amount will be recovered mainly through selling the asset rather than through usage.

Billing Authority
A local authority responsible for collecting the council tax and non-domestic rates in areas where there is a two-tier system of county and district councils.

Capital Expenditure
Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Receipts
The proceeds from the disposal of land or other assets.

Collection Fund
A Statutory Fund maintained by a billing authority, which is used to record local taxes and non-domestic rates collected by the authority, along with payments to precepting authorities, the national pool of non-domestic rates and its own general fund.

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

Corporate and Democratic Core
The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The costs of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Current Assets
Assets which may change in value on a day to day basis

Depreciation
The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Financial Instruments
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another.

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Government Grants
Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Heritage Assets
Assets that are held and maintained by an entity principally for their contribution to knowledge and culture. The key feature of heritage assets is that they have cultural, environmental or historical associations that make their preservation for future generations important.

Intangible Assets
Intangible assets are non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights e.g. software licenses.

Inventories
Materials or supplies unused and held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Investments
A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investment Properties
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.

Joint Ventures
An entity established with contractual or binding arrangements whereby two or more parties are committed to undertake an activity that is subject to their joint control, with strategic, financial and operating decisions relating to the activity requiring the unanimous consent of the parties sharing the control.

Liabilities
Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year.

Long Term Assets
Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Non-Distributed Cost
These are overheads for which no user now benefits and should not be apportioned to services.

Operating Leases
A lease other than a finance lease.

Provisions
Amounts set aside for expenditure in a future financial period as a result of an obligation arising from a past event. The obligation must be expected to result in a payment that can be reasonably estimated.

Related Party Transactions
A related party transaction is the transfer of assets or liabilities or the performance by, to or for a related party irrespective of whether a charge is made. The materiality of related party

transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

Reserves
These are amounts set aside for specific purposes where there is no certainty about the level and timing of expenditure.

Revenue Expenditure
The operating costs incurred by the Council during the financial year in providing its day to day services.

Revenue Support Grant
Grant paid by the Government to local authorities to help them finance the cost of their services. The system is designed so that if all local authorities spend at the level determined by the Government, the Council tax would be the same across the country.

Useful Life
The period over which the local authority will derive benefits from the use of a fixed asset.

RUSHMOOR BOROUGH COUNCIL

ANNUAL CORPORATE GOVERNANCE STATEMENT 2014/15

1. Scope of Responsibility

1.1 Rushmoor Borough Council ("the Council") is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

1.3 The Council approved and adopted a revised Code of Corporate Governance on the 10th July 2014, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (based on the December 2012 Addendum). A copy of the code will be available on the Council's website.

1.4 This statement explains how the Council has complied with the Code and meets the requirements of the Accounts and Audit (England) Regulations 2011, regulation 4(3), which require all relevant public bodies to prepare an annual governance statement.

2. The Purpose of the Governance Framework

2.1 The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and the 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 value for money services.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

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

3. The Governance Framework

3.1 The key elements of the systems and processes that compromise the Council's governance arrangements are as described below and include arrangements for:

Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users

There is a clear vision of the Council's purpose and intended outcomes for citizens and service users communicated within the organisation and to stakeholders. This is set out in the Rushmoor Borough Council Corporate Plans 2014-15 and 2015-16 as "working with others to improve the quality of people's lives".

This document has been informed by the Rushmoor Strategic Partnership Sustainable Community Strategy 2010-2026 prepared by the Rushmoor Strategic Partnership, a non-statutory, non-executive organisation working within the boundaries of Rushmoor bringing together the skills of the public, private, voluntary and community sectors when working at a local level. This document sets out the partners' vision for the future and the key priorities for the future. The vision and priorities from the SCS have been reflected in the Corporate Plan.

Underpinning the Purpose in the Corporate Plan are five themes:-

- Leadership - Providing leadership to make Rushmoor the place where our communities want to live and work
- Prosperity - Sustaining and developing our local economy
- Place - Protecting and developing a safe , clean and sustainable environment
- People and Communities - Supporting our people and communities and meeting local needs
- Good Value Services - Ensuring quality services that represent good value for money

Reviewing the authority's vision and its implications for the authority's governance arrangements

The Cabinet reviews progress against the Corporate Plan on a quarterly basis by reviewing the targets that relate to what the Council has said that it will do in order to deliver the plans priorities. Details of these reviews are published and the 4th quarter review informs the measures and targets to be incorporated in the next years plan. The Council's Cabinet meeting of the 2nd June considered the 4th quarter and the end of year monitoring report. The same Cabinet meeting also endorsed the Rushmoor Corporate Plan 2015-16.

The Directors' Management Board and the Council's service heads also undertake regular and more detailed monitoring and performance against targets in the Corporate Plan and which can be scrutinised by member panels with specific remits. This acts as the key corporate performance monitoring process for the Council.

The Council has adopted a Code of Corporate Governance ("CCG") which identifies, in one document, how the Council ensures that it runs itself in a lawful, structured, ethical and professional manner. The CCG is administered by the Head of Democratic and Customer Services and the Head of Paid Service (Chief Executive) in consultation with the Solicitor to the Council and is subject to an annual "light touch" review with any recommendations presented to the Standards and Audit Committee.

Measuring the quality of services for users, to ensure that they are delivered in accordance with the authority's objectives and for ensuring they represent the best use of resources

The Rushmoor Borough Council Corporate Plan Strategic and Performance Updates Quarter 4 2014-15 and End of Year Section 2 Corporate Health Measures sets out the monitoring measures and the customer satisfaction results on the web site service, Customer Service Unit call statistics and customer satisfaction surveys.

The Council's Procurement Strategy and associated Contract Standing Orders, which form part of the Council's constitution, govern how the Council buys the supplies, services and works that it needs. The Council is committed to achieving Best Value from its suppliers and ensuring that goods and services are procured in the most efficient and cost effective way.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements

The Council has a Constitution that sets out how it operates, how decisions are made (including Officers Delegated Powers contained in Part 3 of the Constitution) and the procedures followed to ensure that these are efficient, transparent and accountable to local people. Some of these procedures are statutory whilst other are discretionary in nature.

The Constitution is divided into 16 Articles and sets out the detailed rules governing the Council's business. It is published on the internet at
http://www.rushmoor.gov.uk/article/3625/The-constitution

Developing, communicating and embedding codes of conduct, defining the standard of behaviour for members and staff

The Council's Constitution contains a Code of Conduct for Councillors, reviewed in 2014, and contains the statutory code relating to disclosable pecuniary interests, requirements relating to the disclosure of non-pecuniary interests and sets out the expected behaviour and standards to be adhered to by councillors. In addition, the Protocol for Member - Officer Relations, the Disciplinary Procedure, the Code of Conduct for Officers, the Whistle Blowing Policy and the Anti-Fraud and Corruption Policy set out the standards of service and conduct that are expected of employees.

Reviewing the effectiveness of the authority's decision making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

The Council's Constitution details how the Council operates, including how decisions are made and the role of the Policy and Review Panels performing scrutiny and overview functions. It also includes the powers, duties and functions that are delegated to officers in Part 3 of the Constitution. The Head of Democratic and Customer Services, with advice from the Monitoring Officer, is conducting an ongoing review of the Council's constitutional arrangements in order to ensure that the arrangements are up to date and compliant with the Council's legal duties. Reports will be taken to the Standards and Audit Committee with any recommendations for revision and then considered by the Licensing and General Purposes Committee prior to submission to Council for adoption of any recommended changes

Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

The Standards and Audit Committee has responsibility for providing independent assurance on the adequacy of the risk management framework and the internal control and reporting environment including (but not limited to) the reliability of the financial reporting processes and the Annual Governance Statement. In addition, the Committee needs to satisfy itself that appropriate action is being taken on risk and internal control related issues identified by the internal and external auditors and other review and inspection bodies.

The Council has in place a Risk Management Policy which is currently under review and which sets out the Council's overall approach to managing risk. The Policy, which is formally approved by the Standards and Audit Committee, is to be subject to an annual review by a risk management group that will report to the Standards and Audit Committee to ensure that it continues to reflect good practice and remains aligned with current business processes and practices. The Council also has in place a Business Continuity and Disaster Recovery Plan, which is undergoing a refresh.

Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained

The Council has in place an Anti-Fraud and Corruption Policy that has been the subject of review this year and which is published on the internet as part of the Council's Constitution, reflecting the Council's approach and commitment to the prevention and detection of fraud and corruption.

Ensuring effective management of change and transformation

System Thinking - The Council continues to develop and deliver improvements using System Thinking Principles to improve the quality and efficiency of its services and the organisation through an intervention programme, shared learning, training and development activities. A Systems Thinking Learning Network has been developed.

A Channel Shift Project is in place, aimed at improving customer interaction and identifying efficiency savings. Additionally, linked to the 8-Point Plan, a wider digital strategy is being developed in consultation with elected members and partner organisations.

A Co-location programme has been developed to create an appropriate and effective working environment, which secures significant financial benefit and prepares the Council to meet future changes in services. A second phase of this successful programme is currently being worked upon to identify short and longer-term opportunities.

Shared Services – The Council has an existing programme of shared services and is now well advanced in developing a shared building control service between Rushmoor and Hart DC to secure resilience of the service.

The Eight Point Plan – Further work has been undertaken to deliver and develop the Council's 8-Point Plan, which is a strategy to ensure financial and service sustainability, by reducing net revenue spend over the medium to long term. During the course of this year, this plan has been revised and now contains eight projects, as follows:-

Point 1 – The Work Book
Point 2 – Efficiency and Transformation
Point 3 – Income Generation and Investment Opportunities
Point 4 – Better Use of Property and Assets
Point 5 – Financial Strategy
Point 6 – Organisational Structure
Point 7 – Better Procurement
Point 8 – Taxation Polices

Each project within the plan has a programme manager and a senior management programme board provides governance, oversight and the resources required by programme managers to enable the projects to move forward. The 8-Point Plan is "owned" by the Cabinet and all staff and councillors have been briefed upon the projects contained within the plan.

The Organisational Development Strategy, which is designed to support the service transformation and cultural change required for longer term financial sustainability continues to be developed with Action Learning Sets, mentoring and coaching initiatives and Crucial Conversations Training for senior and middle managers having been completed. This strategy and related programme is designed to shape a flexible, motivated and effective workforce fit for the future and to support the community leadership role of councillors.

The Programme Board – this officer board continues to provide effective monitoring of major projects with the application of project management principles.

Peer Challenge – in early 2015 the Council participated in a Peer Challenge supported by the LGA and is currently developing its response and action plan.

Options for future contract arrangements for refuse, recycling and grounds maintenance – the Council is currently engaged in competitive dialogue procurement to deliver this service to a high standard and, subject to the tendered outcomes, at a reduced cost.

Welfare Reform and Business Rates – the Council has continued to spend considerable time and effort during 2014/15 exploring, understanding and learning from two major change programmes – Welfare Reform and Business Rates Retention. The Welfare Reform Task & Finish Group continues to analyse the impact of Welfare changes on both the Council and its residents. This work has informed the design of the Council's local Council Tax Support Scheme and ensured its effective implementation and has been recognised with a national Citizens Advice Bureau award. Work has continued on extracting data from our own systems and from the Valuation Office in respect of Business Rates, particularly regarding the impact of rating appeals.

This has led to the development of a comprehensive appeals risk model which has ensured reliability of financial projections across the medium term and has being cited by CIPFA in a case study as an example of national best practice.

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)

The Chief Financial Officer has responsibility for the proper administration of the Council's financial affairs in accordance with Section 151 of the Local Government Act 1972. The Council has designated the Head of Financial Services as the Chief Financial Officer. While this arrangement does not conform precisely to the requirements of the CIPFA Statement, it does not impact on the effectiveness of the Chief Financial Officer in undertaking her role.

The Head of Financial Services is a member of the Wider Leadership Team and has unfettered access to Directors' Management Board, the Chief Executive and to Cabinet.

A significant review of the Council's senior management structure was undertaken in 2014/2015 with collaborate working by senior officers to establish an officer structure for the Council, which is fit for the challenges of the future. This review revised the role of Directors Management Board to enhance its strategic role and to devolve operational issues to Heads of Service. The DMB now consists of two Corporate Directors and the Chief Executive. Directors no longer have direct service responsibility but manage a number of strategic projects, which cut across a number of different service areas within the Council. The Council's senior management team has been reviewed and reduced to eight Heads of Service' who, together with the members of the DMB, form the Senior Leadership Team for the Council. As part of this review, the responsibilities of some of the Heads of Service changed to make services more efficient or to bring services together in areas where there was synergy of services. Each Head of Service will be looking at the structure within their service area over the coming year.

Ensuring the authority's assurance arrangements conform with the governance requirement of the CIPFA "Statement on the Role of the Head of Internal Audit (2010)

The Head of Internal Audit (HIA) occupies a critical position in the organisation, helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role in promoting good corporate governance. The HIA reports directly to the Corporate Director who has strategic responsibility for this function and has unfettered access to the Chief Executive, Chief Financial Officer, Directors Management Board and to the Standards & Audit Committee. The HIA works closely with the Wider Leadership Team in carrying out internal audit work, promoting good governance and more recently in providing project management expertise. The HIA also works closely with the independent, external auditor in order to use audit resources most effectively.

Ensuring the arrangements are in place for the discharge of the monitoring officer function

The Solicitor to the Council is designated as the Monitoring Officer with responsibility for ensuring compliance with established policies, procedures, laws and regulation, and reporting any actual or potential breach of the law or maladministration to the full Council and/or the Cabinet. The Legal Services Manager is the nominated Deputy Monitoring Officer.

Ensuring effective arrangement are in place for the discharge of the Head of Paid Service function

The Chief Executive is designated as the Head of Paid Service with responsibility for leading the Director's Management Board and the Wider Leadership Team and in driving forward the strategic agenda, set by Cabinet, improving the efficiency and performance of the council and ensuring that the community receives high quality, value for money services.

Undertaking the core function of an audit committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities

The Council has a formally constituted Standards and Audit Committee that undertakes the core functions of an audit committee and operates in accordance with CIPFA guidance. It provides independent assurance on the adequacy of the risk management framework and the internal control and reporting environment, including (but not limited to) the reliability of the financial reporting processes and the annual governance statement. Currently the Council's Licensing and General Purposes Committee is also a body 'charged with governance' and that it is the combined effort of this Committee and the Standards and Audit Committee that fulfils the Council's governance function.

Whistle Blowing, receiving and investigating complaints from the Public

The Council is committed to the highest possible standards of openness, probity and accountability and has in place a "Whistle Blowing Policy". This policy was revised in 2014 and reflects the legal framework and obligation on the Council to enable staff to raise concerns that may involve unlawful conduct, illegality, financial malpractice or dangers to the public, employees or the environment.

Complaints from the public are dealt with in accordance with the Complaints Policy. This policy has been revised this year to reflect the Ombudsman's guidance and will be coming forward for approval by Cabinet shortly and will then be published on the Council's website. There is a separate Policy in place in respect of dealing with complaints made about members, which is on the Council's website.

Identifying the development needs of members and senior officer in relation to their strategic roles, supported by appropriate training

The Council has developed and keeps under review a Member Training and Development Plan, which is aimed at providing a long-term view to learning and development whilst remaining sufficiently flexible to reflect changing priorities. The Council was awarded the South East Employers Charter for Member Development in 2013, following an assessment of the Council's training programme. The Cabinet has appointed a cross party Member Development Group to drive forward member development and support.

The Member Training and Development Plan currently include the following:-

- Induction programme
- Regulatory panel training
- Ward Member mentoring Scheme
- Skills training and workshops
- Personal development planning is offered and available
- Work shadowing front line services
- Scrutiny training
- Governance and Code of Conduct training
- A range of electronic resources and training

This year, the Council's appraisal programme has been refreshed with appraisal processes designed to suit individual services. The Council has introduced a guest theme into the appraisal process across the council as part of the organisational development programme, and this year the guest theme is the "Simple Rules".

The Council's Organisational Development Programme for staff is now moving into its third year and has been rolled out throughout the organisation to ensure that the Council is sustainable for the future. Action Learning Sets, Coaching Skills, System Thinking Learning Networks, Appraisal Champions groups, work on management development, review of some key policies and engagement with staff through the Chief Executive's briefing sessions, are all features of this programme for 15/16.

Establishing clear channels of communication with all sections of the community and other stake holders, ensuring accountability and encouraging open consultation

The Council believes that all people should have the opportunity to voice their opinions on issues that affect them and to this end developed a Community and Business Engagement Strategy, which is currently working with members to update. The Council actively seeks the views of customers and staff through customer satisfaction surveys, community consultations, events and exhibitions, social media and through its web site. The Council has a walk-in Customer Services Unit, where customers seek advice and access services.

The Council promotes how people can have their say in a number of ways. It publicises individual consultations through traditional media (media, posters, flyers, exhibition boards etc), email, social media and its website. The Council's Statement of Community Involvement guides Planning Policy consultations.

As part of the Council's work on organisational development, work has started with elected Members to understand their community leadership and representational roles and how these can be developed in the future.

The Rushmoor Borough Council website has a section devoted to enabling people to 'have their say', including an on-going survey about the Council and the local area and how to join the Big Aldershot Conversation. The website also provides information about the Rushmoor Business Network, the Senior Citizens' Forum, the Council's Citizens' Panel and the Rushmoor Youth Forum.

The purpose of these various groups and fora is to provide a systematic analysis of needs provision, opportunities and gaps in the Borough, based on accurate, relevant and up-to-date information that will inform collaborative work with partners and help deliver the priorities in the Rushmoor Corporate Plan. The Council also carries out an annual budget consultation exercise with its Senior Citizens' Forum, business ratepayers and the voluntary sector.

Enhancing the accountability for service delivery and effectiveness of other public service providers

Annually the Council produces a Corporate Plan. This plan sets out its future priorities and planned activities and actions to deliver on the Councils stated purpose of "working with others to improve the quality of people's lives". The Cabinet reviews progress against the Corporate Plan on a quarterly basis. The Directors' Management Board also regularly carries out monitoring and the Council's Senior Officers and Member Panels scrutinise performance on areas under their particular remit. This report acts as the key corporate performance monitoring process for the Council. The quarterly report contains detail of performance and identifies where targets are not being met or where slippage has occurred in delivering improvement measures.

A number of Council services are delivered in partnership with external service providers. A Contract Management team that provide a senior management interface between the Council and our partnership service provider manages these out sourced contracts.
All such arrangements include a suite of key performance indicators and are based upon a culture of continuous improvement, recognising the need to achieve a balance between the Council's financial position and long term strategic aims.

Incorporating good governance arrangements in respect of partnership and other joint working as identified by the Audit Commission report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

The terms of all joint working arrangements with other authorities are set out in Joint Service Agreements, such as that of the North Hampshire Community Safety Partnership. In view of the gradual increase in joint working arrangements, the Council recognises the longer-term need to prepare and adopt a Partnership Code, which will form part of the Council's Constitution. This will ensure that sound governance arrangement are in place in respect of partner and partnership engagement and can be reviewed as partnership-working arrangements develop and evolve.

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 the effectiveness is informed by the work of the Chief Executive and Directors within the authority, who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and by comments made by the external auditors and other review agencies and inspectorates.

The review process applied in respect of maintaining and reviewing the effectiveness of the system of internal control is informed by:-

- The views of Internal Audit reported to the Standards and Audit Committee via the Internal Audit Progress Report that includes executive summaries of new reports published where critical weaknesses or unacceptable levels of risk were identified.
- The views of the external auditors, regularly reported to the Standards and Audit Committee, including regular progress reports, the Annual Audit Letter and Annual Governance Report
- The Chief Internal Auditor Annual Report and Opinion on the adequacy and effectiveness of the Council's internal control environment
- The Internal Audit Strategy and delivery of the annual operational plan
- The work of the Corporate Directors, the Chief Executive and Head of Democratic and Customer Services within the authority who have responsibility for the development and maintenance of the governance environment
- The independent views of regulatory inspection agencies such as the OSC and Government Connect audit
- The Risk Management Strategy, the Risk Management Manual and the Corporate Risks Register supported by the work of the Risk Management Group
- The work of the Standards and Audit Committee in discharging its responsibility to lead on all aspects of corporate governance with the Licensing and General Purposes Committee retaining responsibility for the Council's Constitution.

The Standards and Audit Committee has advised us on the implications of the result of the review of the effectiveness of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below:

	GOVERNANCE ISSUE	PLANNED ACTION	OFFICER RESPONSIBLE
1.	The Council's Anti-Fraud and Corruption Policy; Whistle Blowing Policy and Anti-Money Laundering Policy all have been updated and require monitoring to ensure that they are effective	Appropriate arrangements are to be made to communicate the updated polices to staff and responsibility for monitoring compliance with these policies will be undertaken by the Risk Management Group	Auditor
2.	Contract Standing Orders have been revised and a training programme needs to be rolled out throughout the council to ensure compliance	Ensure all contracting officers attend training on the revised Contract Standing orders; procurement procedures and contracts register	Head of Strategy Engagement and Organisational Development

3.	Revised Code of Conduct has been adopted covering interests other than DPI's	Ensure that councillors who have yet to attend the training sessions receive appropriate training	Monitoring Officer
4.	Officer Code of conduct	This has been prepared and adopted but staff will need to be advised of the requirements of the code during 2015	Head of Strategy Engagement and Organisational Development
5.	Partnership Code	Consider adopting a partnership code in view of increased partnership working	Monitoring Officer
6.	Media guidelines for councillors	In view of the increased use of social media for communications and engagement, the Council will consider adopting social media guidance for staff and councillors as part of its new Communications (and Engagement) Strategy.	Monitoring Officer and Head of Strategy Engagement and Organisational Development
7.	Confidential Information	Review need for protocol	Monitoring Officer
8.	Complaints procedure	Complaints procedure has been reviewed in accordance with new regulators' code and following approval, staff need to be informed of revised procedures and the procedure promoted on the Council's website	Head of Democratic and Customer Services
9.	Transparency Code	Complete the work required to comply with the Code of recommended Practice of Local Authorities on Data Transparency Dec 2014 in relation to land ownership	Monitoring Officer and Head of IT
10.	Equality Objectives	Work towards "developing standard" of the Public Sector Equalities Duty across the council	Monitoring Officer
11.	Fraud	Review the arrangements for investigating corporate fraud in response to the establishment of SFIS (Single Fraud Investigation Service) and potential transfer of benefit investigation officers to the DWP	DMB
12.	Project management	Develop and implement a programme of improvement for Capital Project Management and projects generally	Head of Strategy Engagement and Organisational Development in consultation with Audit

13.	Peer Review	Respond to the findings of the Peer Challenge and agree and implement an action/ improvement plan	DMB
14.	Scheme of Delegation	Review the officer Scheme of Delegation	Head of Democratic and Customer Services
15.	Risk Management	Review and update the Risk Management Policy and the Corporate Risks Register	Head of Finance

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

Signed...
Leader of the Council

Signed...
Chief Executive

Dated.......28th July 2015.........

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